

BOND INDENTURE

Dated as of December 15, 2023

between

UTILITY DEBT SECURITIZATION AUTHORITY

as Bond Issuer

and

THE BANK OF NEW YORK MELLON,

as Bond Trustee

relating to

\$833,215,000

RESTRUCTURING BONDS, SERIES 2023

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## EXHIBIT A – FORM OF BOND

This BOND INDENTURE, dated and effective as of December 15, 2023, between UTILITY DEBT SECURITIZATION AUTHORITY, a special purpose corporate municipal instrumentality, body corporate and politic, political subdivision and public benefit corporation of the State of New York (including any successor thereto, the “Bond Issuer”), and THE BANK OF NEW YORK MELLON, a New York banking corporation, in its capacity as bond trustee (including any successor thereto, the “Bond Trustee”).

## **RECITALS**

The Bond Issuer has duly authorized the execution and delivery of this Bond Indenture to provide for the issuance of its Bonds with an aggregate principal amount of \$833,215,000 and the Bond Issuer and the Bond Trustee are executing and delivering this Bond Indenture in order to provide for the issuance of the Bonds.

The Bond Issuer has the power under clause (c)(xi) of subdivision 2 of Section 4 of the LIPA Reform Act, as security for the payment of the principal of and interest on any restructuring bonds issued by it pursuant to the LIPA Reform Act, and any agreement made in connection therewith, to pledge all or any part of its revenues or assets, including, without limitation, restructuring property, unspent proceeds of its restructuring bonds, transition charge revenues, and earnings from the investment and reinvestment of unspent proceeds of its restructuring bonds and transition charge revenues (as all of such terms are defined and/or used in the LIPA Reform Act).

## **GRANTING CLAUSE**

The Bond Issuer hereby Grants to the Bond Trustee at the Issuance Date, as Bond Trustee for the benefit of the Holders of the Bonds and the Bond Trustee, all of the Bond Issuer’s right, title and interest in and to (a) the Restructuring Property (created by Sections 5 and 7 of the LIPA Reform Act and Ordering Paragraph 11 of the Financing Order) transferred by the Seller to the Bond Issuer pursuant to the Sale Agreement and all proceeds thereof, including the Charges as estimated, determined and adjusted from time to time pursuant to the Servicing Agreement in accordance with the Financing Order, (b) the Statutory Lien, (c) the Sale Agreement, (d) the Servicing Agreement, (e) the Administration Agreement, (f) the Collection Account (including all Subaccounts thereof) and all amounts or investment property on deposit therein or credited thereto from time to time, (g) the security interest with respect to the Restructuring Property granted by the Seller to the Bond Issuer in the Sale Agreement, (h) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, securities accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind, and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing and (i) all proceeds of the foregoing (collectively, the “Collateral”); it being understood that the following do not constitute Collateral: (1) amounts required to be released pursuant to or contemplated by the terms hereof, (2) proceeds from the sale of the Bonds required to pay the purchase price of the Restructuring Property paid pursuant to the Sale Agreement and the costs of issuance with respect to the Bonds as deposited into the Upfront Financing Costs

Subaccount (together with any interest earnings thereon) and (3) any restructuring property purchased by the Bond Issuer with the proceeds of the Bond Issuer's Prior Restructuring Bonds or any restructuring property created pursuant to any financing order other than the Financing Order.

The foregoing Grants are made to the Bond Trustee in trust to secure the payment of principal of, interest on, and all other amounts owing in respect of, the Bonds, including all amounts payable to the Bond Trustee under this Bond Indenture and the other Basic Documents, equally and ratably without prejudice, priority or distinction, except as expressly provided in this Bond Indenture, and to secure compliance with the provisions of this Bond Indenture with respect to the Bonds, all as provided in this Bond Indenture (collectively, the "Secured Obligations").

The Bond Trustee, as trustee on behalf of the Holders of the Bonds and as agent for itself, acknowledges such Grants, accepts the trusts hereunder in accordance with the provisions hereof and agrees to perform its duties specifically required herein.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all Bonds are to be issued, countersigned and delivered and that all of the Collateral is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Bond Issuer, for itself and any successor, does hereby covenant and agree to and with the Bond Trustee and its successors in said trust, for the benefit of the Holders and the Bond Trustee, as follows:

## **ARTICLE I**

### **DEFINITIONS AND INCORPORATION BY REFERENCE**

#### **Section 1.01 Definitions.**

Except as otherwise specified herein or as the context may otherwise require, the following terms have the respective meanings set forth below for all purposes of this Bond Indenture.

"Act" has the meaning specified in Section 7.01(a).

"Administration Agreement" means the Administration Agreement dated as of December 15, 2023, between Long Island Lighting Company d/b/a LIPA, as Administrator, and the Bond Issuer, as the same may be amended and supplemented from time to time.

"Administration Fee" means the fee payable to the Administrator pursuant to the Administration Agreement.

"Administrator" means Long Island Lighting Company d/b/a LIPA, or any successor Administrator under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of

voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Aggregate Scheduled Debt Service” means, for any period and as of any date of calculation, an amount equal to the principal of and interest on any Outstanding Bonds scheduled to be payable during such period, in accordance with the Expected Amortization Schedule.

“Authority” means Long Island Power Authority, a corporate municipal instrumentality of the State of New York, and any successor thereto.

“Authorized Officer” means, with respect to the Bond Issuer, any officer of the Bond Issuer who is authorized to act for the Bond Issuer in matters relating to the Bond Issuer and who is identified on the list of Authorized Officers delivered by the Bond Issuer to the Bond Trustee on the Issuance Date (as such list may be modified or supplemented by the Bond Issuer from time to time thereafter).

“Basic Documents” means, collectively, this Bond Indenture, the Sale Agreement, the Servicing Agreement and the Administration Agreement.

“Bondholder” or “Holder” means the Person in whose name a Bond is registered on the Bond Register.

“Bond Indenture” or “this Bond Indenture” means this instrument as originally executed and, as from time to time supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, as so supplemented or amended, or both, and shall include the forms and terms of the Bonds established hereunder.

“Bond Interest Rate” means, with respect to any Series and Tranche of Bonds, the Bond Interest Rate therefor as specified in Section 2.02.

“Bond Issuer” means the party named as such in this Bond Indenture until a successor replaces it and, thereafter, means the successor.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated November 9, 2023, between the Bond Issuer and the underwriters named therein.

“Bond Register” and “Bond Registrar” have the respective meanings specified in Section 2.05.

“Bonds” has the meaning specified in Section 2.01.

“Bond Trustee” means The Bank of New York Mellon, as Bond Trustee under this Bond Indenture, or any successor Bond Trustee under this Bond Indenture.

“Book-Entry Bonds” means, with respect to any Bond, a beneficial interest in such Bond, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 2.16.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in New York, New York, are authorized or obligated by law, regulation or executive order to remain closed.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

“Clearing Agency Participant” means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

“Collateral” has the meaning specified in the Granting Clause of this Bond Indenture.

“Collection Account” has the meaning specified in Section 8.02(a).

“Corporate Trust Office” means the office of the Bond Trustee at which at any particular time this Bond Indenture shall be administered, which office at the date of the execution of this Bond Indenture is located at 385 Rifle Camp Road, 3rd Floor, Woodland Park, New Jersey 07424, Attention: Frederic Belen, Vice President, or at such other address as the Bond Trustee may designate from time to time by notice to the Bondholders and the Bond Issuer, or the principal corporate trust office of any successor Bond Trustee (the address of which the successor Bond Trustee will notify the Bondholders and the Bond Issuer).

“Debt Service Reserve Subaccount” has the meaning set forth in Section 8.02(a).

“Default” means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

“Defeasance Securities” mean direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America.

“Definitive Bonds” has the meaning set forth in Section 2.16(a).

“DTC” means The Depository Trust Company, as securities depository for the Bonds, or its successor or any successor securities depository.

“Eligible Account” means a segregated trust account with an Eligible Institution.

“Eligible Institution” means (a) the corporate trust department of the Bond Trustee so long as any securities of the Bond Trustee have either a short-term credit rating from Moody’s of at least “P-1” or a long-term unsecured debt rating from Moody’s of at least “A2” and have a credit rating of at least “A” by Standard & Poor’s; or (b) a depository institution organized under the laws of the United States of America, any State or the District of Columbia (or any domestic branch of a foreign bank), (i) which has either (A) a long-term issuer rating of “AA-” or higher by Standard & Poor’s and “A2” or higher by Moody’s, or (B) a short-term issuer rating of “A-1+” or



higher by Standard & Poor's and "P-1" or higher by Moody's, or any other long-term, short-term or certificate of deposit rating acceptable to Standard & Poor's and Moody's, and (ii) whose deposits are insured by the FDIC. If so qualified under clause (b) above, the Bond Trustee may be considered an Eligible Institution for the purposes of the definition of Eligible Account.

"Eligible Investments" mean instruments and investment property denominated in United States currency which meet the criteria described below:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand deposits, time deposits or certificates of deposit and bankers' acceptances of Eligible Institutions (including the Bond Trustee in its commercial capacity);

(c) commercial paper having, at the time of the investment or contractual commitment, a rating of not less than "A-1" from Standard & Poor's and not less than "P-1" by Moody's (including commercial paper issued by the Bond Trustee);

(d) money market funds which have the highest rating from at least two of the Rating Agencies (including funds for which the Bond Trustee or any of its Affiliates is an investment manager or advisor);

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or certain of its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or a registered broker-dealer, acting as principal and that meets certain ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by Standard & Poor's, and the long-term debt obligations of which are rated at least "Aa3" by Moody's, in each case at the time of entering into this repurchase obligation, or

(ii) an unrated broker/dealer acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by Standard & Poor's, and the long-term debt obligations of which are rated at least "Aa3" by Moody's, in each case at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment described in an Issuer Order, upon the satisfaction of the Rating Agency Condition.

“Event of Default” has the meaning specified in Section 5.01.

“Excess Funds Subaccount” has the meaning specified in Section 8.02(a).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expected Amortization Schedule” means a schedule specifying for each Tranche the initial principal amount, Bond Interest Rate, Scheduled Maturity Date and Final Maturity Date, including the Expected Sinking Fund Schedule for Term Bonds and the matters specified in the definition thereof. The Expected Amortization Schedules for the Bonds are included in Section 2.02(b).

“Expected Sinking Fund Schedule” means a schedule specifying for any Term Bonds the Scheduled Sinking Fund Redemption Dates, Scheduled Outstanding Amounts, Scheduled Sinking Fund Payments and Minimum Remaining Outstanding Amounts. The Expected Sinking Fund Schedules for the Bonds that are Term Bonds are included in Section 2.02(e).

“FDIC” means the Federal Deposit Insurance Corporation or any successor.

“Final Maturity Date” means, with respect to any Tranche of Bonds, the respective Final Maturity Date therefor as specified in Section 2.02(b).

“Financing Cost” has the meaning specified in Section 2 of the LIPA Reform Act and consists of Upfront Financing Costs and Ongoing Financing Costs.

“Financing Order” means the Authority’s Restructuring Cost Financing Order No. 7 approved and adopted May 18, 2022.

“General Subaccount” has the meaning set forth in Section 8.02(a).

“Grant” means mortgage, pledge, collaterally assign and grant a Lien upon and a security interest pursuant to this Bond Indenture. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

“Independent” means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Bond Issuer, any other obligor upon the Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Bond Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Bond Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

“Independent Certificate” means a certificate or opinion to be delivered to the Bond Trustee, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Bond Trustee, and such opinion or certificate shall state that the signer has read the definition of “Independent” in this Bond Indenture and that the signer is Independent within the meaning thereof.

“Issuance Date” has the meaning set forth in Section 2.02(g)(i).

“Issuer Order” and “Issuer Request” means a written order or request signed in the name of the Bond Issuer by any one of its Authorized Officers and delivered to the Bond Trustee.

“Legal Defeasance” has the meaning specified in Section 4.01(b).

“Lien” means a security interest, lien, mortgage, charge, pledge, claim, or encumbrance of any kind.

“LIPA Reform Act” means Part B of Chapter 173, Laws of New York, 2013, as amended to the date hereof.

“Minimum Denomination” means, with respect to the Series TE Bonds, \$5,000 or any integral multiple thereof, and with respect to the Series T Bonds, \$100,000 or integral multiples of \$1,000 in excess thereof.

“Minimum Remaining Outstanding Amount” means, as of any Scheduled Sinking Fund Redemption Date and with respect to any Term Bond, the Minimum Remaining Outstanding Amount therefor as specified in the applicable Expected Sinking Fund Schedule set forth in Section 2.02(e).

“Moody’s” means Moody’s Investors Service Inc., or its successor.

“Officer’s Certificate” means a certificate signed by any Authorized Officer of the Bond Issuer and delivered to the Bond Trustee.

“Ongoing Financing Costs” has the meaning specified in the LIPA Reform Act and the Financing Order.

“Operating Expenses” means all Ongoing Financing Costs other than principal (including amortization, sinking fund or redemption payments) and redemption premium, if any, and interest on the Bonds and amounts required to replenish each of the Subaccounts within the Reserve Subaccount.

“Operating Reserve Subaccount” has the meaning set forth in Section 8.02(a).

“Opinion of Counsel” means one or more written opinions of counsel who may, except as otherwise expressly provided in this Bond Indenture, be an employee of or counsel to the Bond Issuer and who shall be reasonably satisfactory to the Bond Trustee, and which opinion or opinions shall be addressed to the Bond Trustee, and shall be in form and substance reasonably satisfactory to the Bond Trustee.

“Outstanding” means, as of the date of determination, all Bonds theretofore authenticated and delivered under this Bond Indenture except:

(a) Bonds theretofore cancelled by the Bond Registrar or delivered to the Bond Registrar for cancellation;

(b) Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Bond Trustee or any Paying Agent in trust for the Holders of such Bonds; and

(c) Bonds in exchange for or in lieu of other Bonds which have been authenticated and delivered pursuant to this Bond Indenture unless proof satisfactory to the Bond Trustee is presented that any such Bonds are held by a bona fide purchaser;

provided, however, that in determining whether the Holders of the requisite Outstanding Amount of the Bonds or any Series or Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, Bonds owned by the Bond Issuer, the Seller or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Bond Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that the Bond Trustee actually knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Bond Trustee the pledgee’s right so to act with respect to such Bonds and that the pledgee is not the Bond Issuer, any other obligor upon the Bonds, the Seller or any Affiliate of any of the foregoing Persons.

“Outstanding Amount” means the aggregate principal amount of all Bonds or, if the context requires, all Bonds of a Series or of a Tranche, Outstanding at the date of determination.

“PACB” means the New York Public Authorities Control Board and any successor thereto.

“Paying Agent” means the Bond Trustee or any other Person that meets the eligibility standards for the Bond Trustee specified in Section 6.11 and is authorized by the Bond Issuer to make payment of principal of or interest on the Bonds on behalf of the Bond Issuer.

“Payment Date” has the meaning specified in Section 2.02(g)(iii).

“Person” means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

“Predecessor Bond” means, with respect to any particular Bond, every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for the purpose of this definition, any Bond authenticated and delivered under Section 2.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Bond.

“Prior Restructuring Bonds” means, collectively, the Bond Issuer’s Restructuring Bonds, Series 2013TE and Series 2013T, the Bond Issuer’s Restructuring Bonds, Series 2015, the Bond Issuer’s Restructuring Bonds, Series 2016A, the Bond Issuer’s Restructuring Bonds, Series 2016B, the Bond Issuer’s Restructuring Bonds, Series 2017 and the Bond Issuer’s Restructuring Bonds, Series 2022T, Series 2022TE-1 and Series 2022TE-2.

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“Projected Principal Balance” means, as of any Payment Date for any Tranche of the Bonds, the initial principal amount of such Tranche for such Payment Date as set forth in the Expected Amortization Schedule.

“Rating Agency” means, collectively, Moody’s and Standard & Poor’s. If no such organization or successor is any longer in existence, “Rating Agency” shall be a nationally recognized statistical rating organization or other comparable Person designated by the Bond Issuer, notice of which designation shall be given to the Bond Trustee and the Servicer.

“Rating Agency Condition” means, with respect to any action, not less than ten (10) Business Days’ prior written notification to each Rating Agency of such action, and written confirmation from each of Standard & Poor’s and Moody’s to the Servicer, the Bond Trustee and the Bond Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Series or Tranche of Bonds and that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Bond Issuer that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of any Series or Tranche of Bonds; provided, however, that if within such ten (10) Business Day period, any Rating Agency (other than Standard & Poor’s) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (i) the Bond Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation and (ii) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five (5) Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency’s right to review or consent).

“Record Date” means, with respect to a Payment Date, the close of business on the Business Day next preceding such Payment Date; provided however, that if Definitive Bonds are issued, the Record Date shall mean the last Business Day of the calendar month immediately preceding such Payment Date.

“Redemption Price” means, with respect to any Bonds to be redeemed, the principal amount of such Bonds or percentage thereof specified for such redemption in Section 2.02.

“Registered Holder” means the Person in whose name a Bond is registered on the Bond Register on the applicable Record Date.

“Required Debt Service Reserve Level” means, as of any date of calculation, an amount equal to the greater of (i) (a) 0.5% of the aggregate principal amount of Bonds then outstanding minus (b) the minimum principal amount of Bonds shown as being expected to be paid on the Expected Amortization Schedule on any single Payment Date subsequent to such date of calculation and (ii) \$0. For the avoidance of doubt, to the extent that no principal amount is shown as being expected to be paid on the Expected Amortization Schedule on any single Payment Date subsequent to a date of calculation, the minimum principal amount of Bonds shown as being expected to be paid on the Expected Amortization Schedule on any single Payment Date subsequent to such date of calculation for purposes of calculating the Required Debt Service Reserve Level will be \$0.

“Required Operating Reserve Level” means, as of any date of calculation, an amount equal to 0.50% of the aggregate principal amount of the Bonds originally issued; provided, however, that if any Bonds are retired (whether by purchase, redemption, repayment or defeasance, or any combination of the foregoing), on and after the date that provision for the payment of such Bonds has been made in connection with such purchase, redemption, repayment or defeasance, the Required Operating Reserve Level shall be equal to 0.50% of the Outstanding Amount of the Bonds immediately after such date.

“Required Reserve Level” means, as of any date of calculation, the sum of the Required Debt Service Reserve Level and the Required Operating Reserve Level.

“Reserve Subaccount” has the meaning set forth in Section 8.02(a).

“Responsible Officer” means, with respect to the Bond Trustee, any officer assigned to the Corporate Trust Office, including any Vice President, Assistant Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer or any other officer of the Bond Trustee customarily performing functions similar to those performed by any of the above designated officers, in each case having direct responsibility for the administration of this Bond Indenture.

“Sale Agreement” means the Restructuring Property Purchase and Sale Agreement dated as of December 15, 2023, between the Bond Issuer and the Seller, as the same may be amended and supplemented from time to time.

“Scheduled Maturity Date” means, with respect to any Serial Bonds, the Scheduled Maturity Date therefor as specified in the Expected Amortization Schedule set forth in Section 2.02(b).

“Scheduled Sinking Fund Payment” means, with respect to any Term Bonds, the Scheduled Sinking Fund Payment therefor as specified in the Expected Sinking Fund Schedule set forth in Section 2.02(e).

“Scheduled Sinking Fund Redemption Date” means, with respect to any Term Bonds, the Scheduled Sinking Fund Redemption Date therefor as specified in the Expected Sinking Fund Schedule set forth in Section 2.02(e).

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Intermediary” means The Bank of New York Mellon, a New York banking corporation, solely in its capacity as a “securities intermediary” as defined in Section 8-102(a)(14) of the UCC, or any successor securities intermediary.

“Seller” means Long Island Power Authority.

“Semiannual Interest” has the meaning specified in Section 2.02(g)(iv).

“Semiannual Principal” means, with respect to any Payment Date and any Series and Tranche of Bonds, (i) for any Serial Bonds, the amount required to be paid to the Holders pursuant to Section 2.02(d), and (ii) for any Term Bonds, the amount required to be redeemed and paid to the Holders pursuant to Section 2.02(e).

“Serial Bonds” means Bonds which are not Term Bonds.

“Series” or “Series of Bonds” or “Bonds of a Series” means all Bonds designated as being of the same series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Bond Indenture.

“Series TE Bonds” means, collectively, the Series TE-1 Bonds and the Series TE-2 Bonds.

“Series TE-1 Bonds” means the Bonds designated “Series TE-1 Bonds” authorized by Section 2.01 and Section 2.02(a).

“Series TE-2 Bonds” means the Bonds designated “Series TE-2 Bonds” authorized by Section 2.01 and Section 2.02(a).

“Series T Bonds” means the Bonds designated “Series T Bonds” authorized by Section 2.01 and Section 2.02(a).

“Servicer” means Long Island Lighting Company d/b/a LIPA as Servicer under the Servicing Agreement, which may contract with others for the performance of some duties under the Servicing Agreement.

“Servicing Agreement” means the Restructuring Property Servicing Agreement dated as of December 15, 2023, between the Bond Issuer and Long Island Lighting Company d/b/a LIPA, as Servicer, as the same may be amended and supplemented from time to time in accordance with Section 7.01 thereof.

“Sinking Fund Payment” means a payment upon redemption of Term Bonds on a Payment Date as specified in the Expected Sinking Fund Schedule applicable thereto, or with respect to any Tranche a payment without redemption prior to maturity that reduces the Outstanding Amount thereof to zero.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor.

“State” means any one of the states of the United States of America or the District of Columbia.

“State Pledge” has the meaning specified in Section 2.13.

“Statutory Lien” means the Lien on the Restructuring Property created by subdivision 2 of Section 7 of the LIPA Reform Act and the Financing Order in the Restructuring Property Granted and pledged by this Bond Indenture.

“Subaccounts” means, collectively, the General Subaccount, the Excess Funds Subaccount, the Reserve Subaccount (which consists of the Operating Reserve Subaccount and the Debt Service Reserve Subaccount) and the Upfront Financing Costs Subaccount in the Collection Account.

“Successor Servicer” has the meaning specified in Section 3.05(d).

“Term Bonds” means Bonds the retirement of which shall be provided for from scheduled periodic redemptions prior to maturity.

“Tranche” or “Tranche of Bonds” or “Bonds of a Tranche” of a particular Series means all Bonds designated as being of the same Series and tranche issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Bond Indenture.

“Trust Indenture Act” means the Trust Indenture Act of 1939 as in force on the date hereof, unless otherwise specifically provided.

“UCC” means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the State of New York, as amended from time to time.

“Underwriters” means the underwriters who purchase the Bonds from the Bond Issuer and sell the Bonds pursuant to the Bond Purchase Agreement.

“Upfront Financing Costs Subaccount” has the meaning set forth in Section 8.02(a).

“Upfront Financing Costs” has the meaning specified in the LIPA Reform Act and the Financing Order.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged.

“17g-5 Website” has the meaning specified in Section 11.15.



Except as otherwise specified herein or as the context may otherwise require, the following terms have the respective meanings set forth in Appendix A to the Servicing Agreement as in effect on the Issuance Date for all purposes of this Bond Indenture, and the definitions of such terms are equally applicable both to the singular and plural forms of such terms:

Adjustment Notice  
Allocation Agent  
Annual Accountant's Report  
Charges  
Excess Remittance  
Financing Order  
Issuance Advice Letter  
LIPA  
Principal Balance  
Restructuring Property  
Seller  
Semiannual Servicer Certificate  
Servicer  
Servicer Default  
Servicing Fee  
True-Up Adjustment

Section 1.02 Rules of Construction.

Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect from time to time;
- (c) “or” is not exclusive;
- (d) “including” means including without limitation;
- (e) words in the singular include the plural and words in the plural include the singular;
- (f) words of the masculine gender shall mean and include correlative words of the feminine and neuter genders;
- (g) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons, and shall include successors and assigns;
- (h) each time of day shall be local time in The City of New York, New York, except as otherwise specified herein;

(i) each reference to Bonds includes portions thereof in Authorized Denominations;

(j) the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Bond Indenture as a whole and not to any particular Article, Section or other subdivision;

(k) all references in this Bond Indenture to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond Indenture; and

(l) except as otherwise specified herein, UCC terms shall have the meanings given to such terms in the UCC.

## **ARTICLE II**

### **THE BONDS**

#### **Section 2.01 Authorization of Bonds.**

There are hereby authorized to be issued pursuant to and for the purposes specified in the LIPA Reform Act and the Financing Order an issue of restructuring bonds (as defined in the LIPA Reform Act) designated as “Restructuring Bonds, Series 2023” and as further designated below (the “Bonds”).

#### **Section 2.02 Terms of the Series TE-1 Bonds, Series TE-2 and Series T Bonds.**

(a) *Authorization; Designation.* The issuance of three Series of Bonds in an aggregate initial principal amount of \$833,215,000 is hereby authorized, which Bonds shall be designated as the “Restructuring Bonds” and further designated as “Series TE-1”, “Series TE-2” and “Series T”.

(b) *Initial Principal Amounts; Bond Interest Rates; Scheduled Maturity Dates; Final Maturity Dates.* The Series TE-1 Bonds shall be issued in twenty-three (23) separate tranches, the Series TE-2 Bonds shall be issued in nine (9) separate tranches and the Series T Bonds shall be issued in one (1) tranche. The Series TE-1 Bonds and the Series TE-2 Bonds (collectively referred to as the “Series TE Bonds”) shall constitute Bonds the interest on which is exempt from federal income taxes. The Series T Bonds shall constitute Bonds the interest on which is not exempt from federal income taxes. Within each such Series, Bonds of a Tranche with a specified Final Maturity Date shall be designated by reference to its Final Maturity Date. The Series TE-1 Bonds, Series TE-2 Bonds and Series T Bonds shall be issued in the aggregate initial principal amount of \$661,500,000, \$135,515,000 and \$36,200,000, respectively, and shall bear interest at the rates per annum and have initial principal amounts, Scheduled Maturity Dates and Final Maturity Dates as set forth below:

**SERIES TE-1 BONDS**

<b>Tranche</b>	<b>Initial Principal Amount</b>	<b>Scheduled Maturity Date</b>	<b>Final Maturity Date</b>	<b>Interest Rate</b>
Tranche 1	\$ 7,000,000	6/15/2024	6/15/2026	5.000%
Tranche 2	7,800,000	12/15/2024	12/15/2026	5.000
Tranche 3	2,500,000	6/15/2025	6/15/2027	5.000
Tranche 4	2,500,000	12/15/2025	12/15/2027	5.000
Tranche 5	18,995,000	6/15/2026	6/15/2028	5.000
Tranche 6	19,470,000	12/15/2026	12/15/2028	5.000
Tranche 7	39,120,000	6/15/2027	6/15/2029	5.000
Tranche 8	40,100,000	12/15/2027	12/15/2029	5.000
Tranche 9	49,065,000	6/15/2028	6/15/2030	5.000
Tranche 10	50,295,000	12/15/2028	12/15/2030	5.000
Tranche 11	58,935,000	6/15/2029	6/15/2031	5.000
Tranche 12	60,410,000	12/15/2029	12/15/2031	5.000
Tranche 13	5,240,000	6/15/2030	6/15/2032	5.000
Tranche 14	5,370,000	12/15/2030	12/15/2032	5.000
Tranche 15	10,045,000	6/15/2031	6/15/2033	5.000
Tranche 16	10,300,000	12/15/2031	12/15/2033	5.000
Tranche 17	4,425,000	6/15/2032	6/15/2034	5.000
Tranche 18	4,540,000	12/15/2032	12/15/2034	5.000
Tranche 19	8,675,000	6/15/2033	6/15/2035	5.000
Tranche 20	8,895,000	12/15/2033	12/15/2035	5.000
Tranche 21	19,130,000	12/15/2037	12/15/2039	5.000
Tranche 22	103,435,000	12/15/2038	12/15/2040	5.000
Tranche 23	125,255,000	12/15/2039	12/15/2041	5.000

**SERIES TE-2 BONDS**

<b>Tranche</b>	<b>Initial Principal Amount</b>	<b>Scheduled Maturity Date</b>	<b>Final Maturity Date</b>	<b>Interest Rate</b>
Tranche 1	\$ 6,555,000	12/15/2034	12/15/2036	5.000%
Tranche 2	6,885,000	12/15/2035	12/15/2037	5.000
Tranche 3	7,240,000	12/15/2036	12/15/2038	5.000
Tranche 4	7,605,000	12/15/2040	12/15/2042	5.000
Tranche 5	7,990,000	12/15/2041	12/15/2043	5.000
Tranche 6	8,395,000	12/15/2042	12/15/2044	5.000
Tranche 7	8,820,000	12/15/2043	12/15/2045	5.000
Tranche 8	51,250,000	12/15/2048	12/15/2050	5.000
Tranche 9	30,775,000	6/15/2051	6/15/2053	5.000

**SERIES T BONDS**

<b>Tranche</b>	<b>Initial Principal Amount</b>	<b>Scheduled Maturity Date</b>	<b>Final Maturity Date</b>	<b>Interest Rate</b>
Tranche 1	\$36,200,000	12/15/2039	12/15/2041	5.667%

(c) *General Priority of Payment of Principal.* Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount of all Bonds and accrued interest thereon has been declared to be immediately due and payable, or except as to Bonds of a Tranche that may be redeemed pursuant to any optional redemption provisions applicable to such Bonds,

no payment of the principal on any Tranche of Series TE Bonds or Series T Bonds of any Final Maturity Date shall be made on any Payment Date prior to the payment in full of all of the principal of all Tranches of Series TE Bonds and Series T Bonds with an earlier Final Maturity Date and no principal payments on any Tranche of Bonds shall be made on any Payment Date until interest due on all Bonds on such Payment Date is paid in full. Partial payments of any scheduled payment shall be allocated within the Bonds of a particular tranche pro rata. Partial payments (if any) of any amortization payments shall be allocated between Tranches of Series TE Bonds and Series T Bonds with the same Final Maturity Date pro rata.

(d) *Serial Bond Payments of Principal.* The Series TE-1-1 Bonds through Series TE-1-20 Bonds and the Series T Bonds shall be Serial Bonds. Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount of all Bonds and accrued interest thereon has been declared to be immediately due and payable, or except as to Series TE Bonds of a Tranche that may be redeemed pursuant to any optional redemption provisions applicable to such Series TE Bonds, on each Payment Date, the Bond Trustee shall pay to the Registered Holders of such Serial Bonds amounts payable pursuant to Section 8.02(e) as principal, until the Outstanding Amount of such Serial Bonds has been reduced to zero; provided, however, that no principal payment shall be made on a Serial Bond pursuant to this Section 2.02(d) prior to the Scheduled Maturity Date for that Serial Bond.

(e) *Term Bond Payments of Principal.* The Series TE-1-21 through Series TE-1-23 Bonds and the Series TE-2-1 through Series TE-2-9 Bonds shall constitute Term Bonds and shall be subject to redemption from time to time as hereinafter provided at a Redemption Price of 100% of the principal amount of such respective Term Bonds to be redeemed, together with accrued interest to the redemption date. Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount of all Bonds and accrued interest thereon has been declared to be due and payable, on each Sinking Fund Payment Date, the Bond Trustee shall redeem such Tranche of the Bonds prior to maturity and pay to the Registered Holders amounts payable pursuant to Section 8.02(e) as a Sinking Fund Payment until the Outstanding Amount of such Tranche of the Bonds has been reduced to an amount equal to the Minimum Remaining Outstanding Amount for such Tranche of the Bonds for such date. The Minimum Remaining Outstanding Amount for the applicable Tranche of the Bonds shall mean the amount specified in the Expected Sinking Fund Schedule included in Section 2.02 of the Bond Indenture subject to the next succeeding sentence. In the event that a portion of such Tranche of the Bonds shall no longer be outstanding on a Scheduled Sinking Fund Redemption Date by reason other than mandatory sinking fund redemption, the Minimum Remaining Outstanding Amount for each date, as shown in the Expected Sinking Fund Schedule included in Section 2.02 of the Bond Indenture, shall be reduced pro rata to the extent practicable given the Minimum Denominations permitted for such Tranche of the Bonds to reflect the remaining Outstanding Amount of the applicable Tranche of the Bonds. Any amounts paid on the Tranche of the Bonds on the Final Maturity Date shall be applied as a payment of a maturity of such Tranche of the Bonds and not as a redemption.

**EXPECTED SINKING FUND SCHEDULE – 2023TE-1  
TRANCHE 21**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2037	\$19,130,000	\$9,445,000	\$9,685,000
12/15/2037	9,685,000	9,685,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-1  
TRANCHE 22**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2038	\$103,435,000	\$51,080,000	\$52,355,000
12/15/2038	52,355,000	52,355,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-1  
TRANCHE 23**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2039	\$125,255,000	\$79,730,000	\$45,525,000
12/15/2039	45,525,000	45,525,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 1**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2034	\$6,555,000	\$3,235,000	\$3,320,000
12/15/2034	3,320,000	3,320,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 2**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2035	\$6,885,000	\$3,400,000	\$3,485,000
12/15/2035	3,485,000	3,485,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 3**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2036	\$7,240,000	\$3,575,000	\$3,665,000
12/15/2036	3,665,000	3,665,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 4**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2040	\$7,605,000	\$3,755,000	\$3,850,000
12/15/2040	3,850,000	3,850,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 5**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2041	\$7,990,000	\$3,945,000	\$4,045,000
12/15/2041	4,045,000	4,045,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 6**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2042	\$8,395,000	\$4,145,000	\$4,250,000
12/15/2042	4,250,000	4,250,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 7**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2043	\$8,820,000	\$4,355,000	\$4,465,000
12/15/2043	4,465,000	4,465,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 8**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2044	\$51,250,000	\$4,575,000	\$46,675,000
12/15/2044	46,675,000	4,690,000	41,985,000
6/15/2045	41,985,000	4,805,000	37,180,000
12/15/2045	37,180,000	4,925,000	32,255,000
6/15/2046	32,255,000	5,050,000	27,205,000
12/15/2046	27,205,000	5,175,000	22,030,000
6/15/2047	22,030,000	5,305,000	16,725,000
12/15/2047	16,725,000	5,435,000	11,290,000
6/15/2048	11,290,000	5,575,000	5,715,000
12/15/2048	5,715,000	5,715,000	0

**EXPECTED SINKING FUND SCHEDULE – 2023TE-2  
TRANCHE 9**

<b>Scheduled Sinking Fund Redemption Date</b>	<b>Scheduled Outstanding Amount</b>	<b>Scheduled Sinking Fund Payment</b>	<b>Minimum Remaining Outstanding Amount</b>
6/15/2049	\$30,775,000	\$5,855,000	\$24,920,000
12/15/2049	24,920,000	6,000,000	18,920,000
6/15/2050	18,920,000	6,150,000	12,770,000
12/15/2050	12,770,000	6,305,000	6,465,000
6/15/2051	6,465,000	6,465,000	0

(f) *Optional Redemption.* (i) The Series TE Bonds with a Final Maturity Date on or prior to December 15, 2035 are not subject to optional redemption prior to maturity at the option of the Bond Issuer. The Series TE-2 Bonds with a Final Maturity Date on December 15, 2036 are subject to redemption at the option of the Bond Issuer in whole or in part, in any order, from time to time on any Business Day on and after December 15, 2033 upon payment of the redemption price of 100% of the principal amount of the Series TE-2 Bonds to be redeemed, together with accrued interest to the redemption date. The Series TE Bonds with a Final Maturity Date on or after December 15, 2037 are subject to redemption at the option of the Bond Issuer in whole or in part, in any order, from time to time on any Business Day on and after June 15, 2034 upon payment of the redemption price of 100% of the principal amount of the Series TE Bonds to be redeemed, together with accrued interest to the redemption date.

(i) Notwithstanding any priority of payment set forth in this Bond Indenture or any other limitations as to the redemption of Series T Bonds, the Series T Bonds are subject to redemption at the option of the Bond Issuer in whole or in part, in any order, from time to time on any Business Day, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Series T Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal of and interest on the Series T Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series T Bonds are to be redeemed, discounted on a semi-annual basis to the date on which the Series T Bonds of such maturity are to be redeemed, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate, plus 20 basis points (0.20%);

plus, in each case, accrued and unpaid interest on such Series T Bonds to be redeemed to but not including the redemption date.

For the purpose of any optional redemption of the Series T Bonds as described above,

“Treasury Rate” means, with respect to any redemption date of any maturity of the Series T Bonds of a particular maturity, the rate per annum, expressed as a percentage of the principal amount, equal to the semi-annual equivalent yield to maturity or yield to theoretical maturity (calculated in such case as the linear interpolation between the yields of two U.S. Treasury

securities) of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

“Comparable Treasury Issue” means, with respect to any redemption date for a Series T Bond of a particular maturity, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or theoretical maturity comparable to the remaining average life of the Series T Bond of the maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series T Bond to be redeemed. For purposes of determining the Comparable Treasury Issue for a theoretical maturity, the U.S. Treasury securities to be utilized in the calculation of the Treasury Rate shall be (1) an actively traded U.S. Treasury security or U.S. Treasury Index whose maturity is closest to but no later than the date corresponding to the remaining average life of the Series T Bonds to be redeemed, and (2) an actively traded U.S. Treasury security or U.S. Treasury Index whose maturity is closest to but no earlier than the date corresponding to the remaining average life of the Series T Bonds to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a Series T Bond of a particular maturity:

- (i) the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported as of 4:15 p.m., New York City time, on the Valuation Date; or
- (ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the average of three Reference Treasury Dealer Quotations for that redemption date, or if the Designated Investment Banker obtains fewer than three Reference Treasury Dealer Quotations, the average of all quotations obtained by the Designated Investment Banker.

“Designated Investment Banker” means a Reference Treasury Dealer appointed by the Authority.

“Reference Treasury Dealer” means an entity, specified by the Authority from time to time, that is a primary United States Government securities dealer in The City of New York (a “Primary Treasury Dealer”); provided, that if such entity ceases to be a Primary Treasury Dealer, the Authority will specify another Primary Treasury Dealer in substitution therefor.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular 2023 Series T Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the Valuation Date.



“Valuation Date” means any Business Day that is no earlier than forty-five (45) days prior to the redemption date.

The Trustee shall not be responsible for calculating the redemption price of the Series T Bonds. At the option of the Authority, the redemption price of the Series T Bonds to be redeemed may be determined by an independent accounting firm, investment banking firm, financial advisor, municipal advisor or other financial consultant retained by the Authority. The Trustee and the Authority may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm, financial advisor, municipal advisor or other financial consultant and shall not be liable for such reliance.

(g) *Authentication Date; Registered Form and Denominations; Semiannual Interest; Computation of Interest.*

(i) **Authentication Date.** The Bonds that are authenticated and delivered by the Bond Trustee to or upon the order of the Bond Issuer on December 15, 2023 (the “Issuance Date”) shall have as their date of authentication December 15, 2023.

(ii) **Registered Form and Denominations.** The Series TE and Series T Bonds shall be issued in fully registered form without coupons and in not less than Minimum Denominations.

(iii) **Payment Dates.** The Payment Dates for the Series TE and Series T Bonds shall be June 15 and December 15 of each year and the Final Maturity Date of such bonds, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on June 15, 2024 and continuing until the earlier of repayment of the Series TE and Series T Bonds in full or the respective Final Maturity Date.

(iv) **Semiannual Interest.** Semiannual Interest will be payable on each Tranche of Series TE and Series T Bonds on each Payment Date in an amount equal to one-half of the product of (A) the applicable Bond Interest Rate and (B) the Outstanding Amount of the related Tranche of such Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the related Tranche of such Bonds on such preceding Payment Date; provided, however that with respect to the initial Payment Date or, if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Issuance Date to but excluding that Payment Date.

(v) **Interest Rate Computation.** Bond Interest Rates shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 2.03 Form.

The Bonds and the Bond Trustee's certificate of authentication shall be in substantially the forms set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Bond Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Bonds, as evidenced by their execution of such Bonds.

The Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing such Bonds, as evidenced by their execution of such Bonds.

Pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, "CUSIP" numbers may be printed on the Bonds. The Bonds may bear such endorsement or legend satisfactory to the Bond Trustee as may be required to conform to usage or law with respect thereto.

Unless otherwise directed by the Bond Issuer, the Bonds of each Series shall be numbered from R-1 upward, unless otherwise determined by the Bond Trustee and approved by the Bond Issuer.

The terms of the Bonds set forth in Exhibit A are part of the terms of this Bond Indenture.

The Bonds shall contain a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of New York is pledged to the payment of the principal of, or interest on, this Bond."

#### Section 2.04 Execution, Authentication and Delivery.

The Bonds shall be executed on behalf of the Bond Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Bonds may be manual or facsimile.

Bonds bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Bond Issuer shall bind the Bond Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Bonds or did not hold such offices at the date of such Bonds.

At any time and from time to time after the execution and delivery of this Bond Indenture, the Bond Issuer may deliver Bonds executed by the Bond Issuer to the Bond Trustee pursuant to an Issuer Order for authentication; and the Bond Trustee shall authenticate and deliver such Bonds as provided in this Bond Indenture and not otherwise.

No Bond shall be entitled to any benefit under this Bond Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, executed by the Bond Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder.

## Section 2.05 Registration; Registration of Transfer and Exchange.

The Bond Issuer shall cause to be kept a register (the “Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the Bond Issuer shall provide for the registration of Bonds and the registration of transfers and exchanges of Bonds. The Bond Issuer shall cause the Bond Registrar to designate, by a written notification to the Bond Trustee, a specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register is kept.

The Bond Trustee shall be the “Bond Registrar” for the purpose of registering Bonds and transfers of Bonds as herein provided. Upon any resignation of any Bond Registrar, the Bond Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Bond Registrar. Any Person other than the Bond Trustee undertaking to act as Bond Registrar shall first execute a written agreement, in form satisfactory to the Bond Trustee, to perform the duties of a Bond Registrar under this Bond Indenture, which agreement shall be filed with the Bond Trustee.

If a Person other than the Bond Trustee is appointed by the Bond Issuer as Bond Registrar, the Bond Issuer will give the Bond Trustee prompt written notice of the appointment of such Bond Registrar and of the location, and any change in the location, of the Bond Register, and the Bond Trustee shall have the right to inspect the Bond Register at all reasonable times and to obtain copies thereof, and the Bond Trustee shall have the right to rely upon a certificate executed on behalf of the Bond Registrar by a Responsible Officer thereof as to the names and addresses of the Holders of the Bonds and the principal amounts and number of such Bonds.

Upon surrender for registration of transfer of any Bond at the office or agency of the Bond Issuer to be maintained as provided in Section 3.02, the Bond Issuer shall execute, and the Bond Trustee shall authenticate and the Bondholder shall obtain from the Bond Trustee, in the name of the designated transferee or transferees, one or more new Bonds in any Minimum Denominations, of a like Series and Tranche and aggregate principal amount; provided, however, if any such surrendered Bond shall have become or within 15 days shall be due and payable, instead of issuing a replacement Bond, the Bond Trustee may pay such surrendered Bond when so due and payable without surrender thereof.

At the option of the Holder, Bonds may be exchanged for other Bonds in any Minimum Denominations, of a like Series and Tranche and aggregate principal amount, upon surrender of the Bonds to be exchanged at the designated office of the Bond Registrar or its agent. Whenever any Bonds are so surrendered for exchange, the Bond Issuer shall execute, and the Bond Trustee shall authenticate and the Bondholder shall obtain from the Bond Trustee, the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any registration of transfer or exchange of Bonds shall be the valid obligations of the Bond Issuer, evidencing the same debt, and entitled to the same benefits under this Bond Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

Every Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by (a) a written instrument of transfer in form satisfactory to the Bond Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Bond Trustee, and (b) such other documents as the Bond Trustee may require.

No service charge shall be made to a Holder for any registration of transfer or exchange of Bonds, but the Bond Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Bonds.

The preceding provisions of this Section notwithstanding, the Bond Issuer shall not be required to make and the Bond Registrar need not register transfers or exchanges of any Bond during the period from and including the Record Date for any payment with respect to the Bond to and excluding such payment date.

#### Section 2.06 Mutilated, Destroyed, Lost or Stolen Bonds.

If (i) any mutilated Bond is surrendered to the Bond Trustee, or the Bond Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Bond Trustee such security or indemnity as may be required by it to hold the Bond Issuer and the Bond Trustee harmless, then, in the absence of notice to the Bond Issuer, the Bond Registrar or the Bond Trustee that such Bond has been acquired by a protected purchaser, the Bond Issuer shall execute and, upon its request, the Bond Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a replacement Bond of like Series, Tranche, tenor and principal amount, bearing a number not contemporaneously outstanding; provided, however, that if any such destroyed, lost or stolen Bond, but not a mutilated Bond, shall have become or within seven (7) days shall be due and payable, instead of issuing a replacement Bond, the Bond Issuer may pay such destroyed, lost or stolen Bond when so due or payable, without surrender thereof. If, after the delivery of such replacement Bond or payment of a destroyed, lost or stolen Bond pursuant to the proviso to the preceding sentence, a protected purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Bond Issuer and the Bond Trustee shall be entitled to recover such replacement Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement Bond from such Person to whom such replacement Bond was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Bond Issuer or the Bond Trustee in connection therewith.

Upon the issuance of any replacement Bond under this Section, the Bond Issuer may require the payment by the Holder of such Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Bond Trustee) connected therewith.

Every replacement Bond issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Bond Issuer, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Bond Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

#### Section 2.07 Persons Deemed Owner.

Prior to due presentment for registration of transfer of any Bond, the Bond Issuer, the Bond Trustee and any agent of the Bond Issuer or the Bond Trustee may treat the Person in whose name any Bond is registered (as of the day of determination) as the owner of such Bond for the purpose of receiving payments of principal of and interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the Bond Issuer, the Bond Trustee nor any agent of the Bond Issuer or the Bond Trustee shall be affected by notice to the contrary.

#### Section 2.08 Payment of Principal and Interest; Interest on Overdue Principal; Principal and Interest Rights Preserved.

(a) Any installment of interest or principal payable on any Bond which is punctually paid or duly provided for by the Bond Issuer on the applicable Payment Date shall be paid to the Person in whose name such Bond (or one or more Predecessor Bonds) is registered on the Record Date for such Payment Date, by check mailed first-class, postage prepaid to such Person's address as it appears on the Bond Register on such Record Date; provided, however, that (i) upon application to the Bond Trustee by any Holder owning Bonds of any single Tranche (i.e., not in the aggregate among all such Tranches or Series) in the principal amount of \$10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder and (ii) with respect to Book-Entry Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Bond and as required by the operational rules and procedures of the Clearing Agency unless and until such Bond is exchanged for Definitive Bonds (in which event payments shall be made as provided above) and except for the final installment of principal payable with respect to such Bond on a Payment Date, which shall be payable as provided below. The funds represented by any such checks returned undelivered shall be held in accordance with Section 3.03.

(b) The principal of each Bond of each Tranche shall be paid, to the extent funds are available therefor in the Collection Account, in installments on each Payment Date. Notwithstanding the foregoing, installments of principal not paid or redeemed when scheduled to be paid or redeemed in accordance with the Expected Amortization Schedule or Expected Sinking Fund Schedule shall be paid or redeemed upon receipt of money available for such purpose, on the next Payment Date, to the Registered Holder on the applicable Record Date, in the order set forth in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as the case may be, subject to the general priority of payment of principal set forth in Section 2.02(c) and subject to prior redemption as provided in Section 2.02(f). Subject to the provisions below, failure to pay

principal or, with respect to Bonds constituting Term Bonds, Redemption Price in accordance with such Expected Amortization Schedule or Expected Sinking Fund Schedule, as the case may be, because money is not available pursuant to Section 8.02 to make such payments shall not constitute an Event of Default under this Bond Indenture; provided, however, that failure to pay the entire unpaid principal amount of the Bonds of a Tranche upon the Final Maturity Date of the Tranche shall constitute an Event of Default, and the entire unpaid principal amount of the Bonds shall be due and payable, if not previously paid, on any other date on which an Event of Default shall have occurred and be continuing, if the Bond Trustee or the Holders of the Bonds representing not less than a majority of the Outstanding Amount of the Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal on the Bonds shall be made pro rata to the Holders entitled thereto unless otherwise provided herein with respect to any Tranche. The Bond Trustee shall notify the Person in whose name a Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Bond Issuer expects that the final installment of principal of and interest on such Bond will be paid. Such notice shall be mailed by first class mail, postage prepaid, no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Bond and shall specify the place where such Bond may be presented and surrendered for payment of such installment.

(c) If the Bond Issuer defaults in a payment of interest on the Bonds when due, the Bond Issuer shall be required to pay such defaulted interest (plus interest on such defaulted interest at the applicable Bond Interest Rate to the extent lawful) to the Persons who are Bondholders on a subsequent special record date, which date shall be at least five (5) Business Days prior to the payment date. The Bond Issuer shall fix or cause to be fixed any such special record date and payment date, and, at least 20 days before any such special record date, the Bond Trustee shall mail to each affected Bondholder, by first class mail, postage prepaid, a notice that states the special record date, the payment date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid.

#### Section 2.09 Cancellation.

All Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Bond Trustee, be delivered to the Bond Trustee and shall be promptly cancelled by the Bond Trustee. The Bond Issuer may at any time deliver to the Bond Trustee for cancellation any Bonds previously authenticated and delivered hereunder which the Bond Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Bond Trustee. No Bonds shall be authenticated in lieu of or in exchange for any Bonds cancelled as provided in this Section, except as expressly permitted by this Bond Indenture. All cancelled Bonds may be held or disposed of by the Bond Trustee in accordance with its standard retention or disposal policy as in effect at the time.

#### Section 2.10 Authentication and Delivery of Bonds.

On the Issuance Date, the Bonds shall be executed by the Bond Issuer and delivered to the Bond Trustee for authentication and thereupon the same shall be authenticated and delivered by the Bond Trustee upon Issuer Request and upon receipt by the Bond Trustee (or other satisfaction)

of the following upon which the Bond Trustee may conclusively rely to the extent permitted to so rely under Article VI hereof:

(a) Bond Issuer Action; Application of Proceeds of Bonds and Other Moneys.

An Issuer Order authorizing and directing the Bond Trustee to authenticate and deliver the Bonds, each to be registered in the name of Cede & Co., as nominee of DTC, and to confirm its custody of the Bonds to DTC in New York, New York, so that the Bonds may be credited to or upon the order of the Underwriters named in said order for the purchase price specified therein and directing the application of the proceeds thereof, which application shall be solely for the purposes of (i) purchasing Restructuring Property from the Seller, (ii) depositing into the Debt Service Reserve Subaccount cash in an amount equal to the Required Debt Service Reserve Level, and (iii) paying or providing for the payment of Upfront Financing Costs, provided that (A) Upfront Financing Costs may be paid from Bond proceeds directly, as specified in such Issuer Order, and (B) any proceeds not required for Upfront Financing Costs may be used for Ongoing Financing Costs. The Bond Trustee shall establish a temporary segregated trust account in the Bond Trustee's name, apart from the Collateral Account, for the deposit of all or any portion of the proceeds of the Bonds to be applied for the purpose of purchasing Restructuring Property and for the application of such proceeds to such purpose as directed by such Issuer Order. Cash provided by the Authority in an amount equal to the Required Operating Reserve Level shall be deposited in the Operating Reserve Subaccount.

(b) Authorizations. An Opinion of Counsel that any authorization by, registration with, consent of, or approval by, any governmental agency, board, or commission that is necessary for the execution, delivery and issuance by the Bond Issuer of the Bonds, and the execution and delivery by the Bond Issuer of the Bond Indenture and the other Basic Documents, has been obtained.

(c) Authorizing Certificate. A certificate of an Authorized Officer of the Bond Issuer certifying that the Bond Issuer has duly authorized the execution and delivery of this Bond Indenture and the execution, authentication and delivery of the Bonds.

(d) Certificates of the Bond Issuer and the Seller.

(i) An Officer's Certificate from the Bond Issuer, dated as of the Issuance Date:

(A) to the effect that the Bond Issuer is not in Default under this Bond Indenture and that the issuance of the Bonds applied for will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under any material indenture, mortgage, deed of trust or other agreement or instrument to which the Bond Issuer is a party or by which it or its property is bound or any order of any court or administrative agency entered in any Proceeding to which the Bond Issuer is a party or by which it or its property may be bound or to which it or its property may be subject that would have a material adverse effect on the Bonds; and that all conditions precedent provided in this Bond Indenture relating to the authentication and delivery of the Bonds have been complied with;

(B) to the effect that all instruments furnished to the Bond Trustee pursuant to this Bond Indenture conform to the requirements set forth in this Bond Indenture and constitute all of the documents required to be delivered hereunder for the Bond Trustee to authenticate and deliver the Bonds applied for, and all conditions precedent provided for in this Bond Indenture relating to the authentication and delivery of the Bonds have been complied with;

(C) to the effect that the Bond Issuer has not assigned any interest or participation in the Collateral except for the Lien of this Bond Indenture and of the LIPA Reform Act; the Bond Issuer has the power and right to Grant the Collateral to the Bond Trustee as security hereunder; and the Bond Issuer, subject to the terms of this Bond Indenture, has Granted to the Bond Trustee all of its right, title and interest in and to such Collateral free and clear of any Lien, mortgage, pledge, charge, security interest, adverse claim or other encumbrance, except the Lien of this Bond Indenture and of the LIPA Reform Act;

(D) to the effect that the Bond Issuer has appointed a firm of Independent certified public accountants as contemplated in Section 8.06; and

(E) to the effect that attached thereto are duly executed, true and complete copies of the Sale Agreement and the Servicing Agreement that have not been further amended or supplemented.

(ii) An Officer's Certificate (as defined in the Sale Agreement) from the Seller, dated as of the Issuance Date, to the effect that (A) the representations and warranties set forth in Article III of the Sale Agreement are true and correct and (B) the attached copy of the Financing Order creating the Restructuring Property and Issuance Advice Letter are true and correct and have not been further amended or supplemented.

(e) Opinion of Counsel. An Opinion of Counsel, portions of which may be delivered by counsel for the Bond Issuer, by counsel for the Seller and the Servicer, or by other counsel satisfactory to the Bond Trustee, dated the Issuance Date, in each case subject to customary exceptions, qualifications and assumptions contained therein (and upon which the Bond Trustee shall be entitled to rely), to the collective effect that:

(i) the Bond Issuer is duly organized and is validly existing as a special purpose corporate municipal instrumentality, constituting a body corporate and politic, political subdivision and public benefit corporation of the State of New York and has the power and authority to execute and deliver this Bond Indenture and the other Basic Documents and to issue the Bonds;

(ii) this Bond Indenture has been duly authorized, executed and delivered by the Bond Issuer and is a valid and binding agreement of the Bond Issuer, enforceable in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally,



whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought;

(iii) the Bonds have been duly authorized and executed and, when authenticated in accordance with the provisions of the Bond Indenture and delivered against payment of the purchase price therefor, will constitute valid and binding obligations of the Bond Issuer, entitled to the benefits of the Bond Indenture subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought;

(iv) (A) by operation of subdivision 2 of Section 7 of the LIPA Reform Act, the provisions of this Bond Indenture create a first priority Statutory Lien on the Collateral in favor of the Bond Trustee for the benefit of the Bondholders, and (B) the Statutory Lien is valid, perfected and enforceable against the Bond Issuer and all third parties without any further public notice;

(v) the Bonds are exempt from the registration requirements under the Securities Act;

(vi) the Bond Issuer is not an “investment company” or under the “control” of an “investment company” as such terms are defined under the Investment Company Act of 1940, as amended, or is exempt pursuant to Section 2(b) thereof;

(vii) the Sale Agreement and the Servicing Agreement are valid and binding agreements of the Bond Issuer, enforceable in accordance with their respective terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought;

(viii) the sale of the Restructuring Property by the Seller to the Bond Issuer pursuant to the Sale Agreement constitutes an absolute transfer of all of the Authority’s right, title and interest (as in a true sale), and not as a pledge or other financing, of the Restructuring Property, other than for federal, state and local income and franchise tax purposes; and

(ix) (A) the Financing Order has been duly authorized and issued by the Authority in accordance with all applicable State of New York laws, rules and regulations, including the LIPA Reform Act; (B) the Financing Order and the process by which it was issued comply with all applicable State of New York laws, rules and regulations, including the LIPA Reform Act; (C) the Financing Order is in full force and effect and is final and not appealable; (D) as of the issuance of the Bonds, the Bonds are entitled to the protections provided under the LIPA Reform Act and the Financing Order, and the Holders of the Bonds shall be, to the extent permitted by the State of New York and federal law and this Bond Indenture, entitled to enforce the protections of the LIPA Reform Act and the Financing Order; and (E) the Servicer is authorized to file True-Up Adjustments to the Charge to the extent necessary to ensure the timely recovery of revenues sufficient to provide for the payment of all principal and interest on the Bonds and all other approved Financing Costs.

(f) Accountant's Letter. Such letter or letters of a firm of Independent certified public accountants of recognized national reputation as may be required by the Bond Purchase Agreement.

(g) Reserve Subaccount. The deposit into the Operating Reserve Subaccount of cash in an amount equal to the Required Operating Reserve Level and the deposit into the Debt Service Reserve Subaccount of cash in an amount equal to the Required Debt Service Reserve Level.

(h) Upfront Financing Costs Subaccount. The deposit into the Upfront Financing Costs Subaccount of cash in an amount equal to the Upfront Financing Costs specified in the Issuance Advice Letter.

(i) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as may be required by the Bond Issuer in its discretion or as the Bond Trustee may reasonably require.

(j) Satisfaction of Conditions. Payment of the purchase price for the Bonds by the Underwriters in accordance with the Bond Purchase Agreement shall constitute satisfaction of the conditions set forth in this Section 2.10.

#### Section 2.11 Release of Collateral.

The Bond Trustee shall release property from the Lien of this Bond Indenture only as specified in Section 8.04.

#### Section 2.12 Tax Withholding.

Amounts properly withheld under the Code or other tax laws by any Person from a payment to any Holder of interest or principal shall be considered as having been paid by the Bond Issuer to such Holder for all purposes of this Bond Indenture.

### Section 2.13 State Pledge.

Section 9(a) of the LIPA Reform Act (the “State Pledge”) provides as follows and, as authorized by Section 9(b) of the LIPA Reform Act, is included in this Bond Indenture as a part hereof:

“The state pledges to and agrees with the holders of restructuring bonds, any assignee, and all financing entities that the state will not in any way take or permit any action that limits, alters or impairs the value of restructuring property or, except as required by the adjustment mechanism described in the restructuring cost financing order, reduce, alter or impair transition charges that are imposed, collected and remitted for the benefit of the owners of restructuring bonds, any assignee, and all financing entities, until any principal, interest and redemption premium in respect of restructuring bonds, all ongoing financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full.”

The Bond Issuer hereby acknowledges that the purchase of any Bond by a Holder or the purchase of any beneficial interest in a Bond by any Person and the Bond Trustee’s obligations to perform hereunder are made in reliance on such agreement and pledge by the State of New York. The Bond Issuer hereby represents and warrants to the Bond Trustee, for the benefit of the Bondholders, that it constitutes an “assignee” under Section 2 of the LIPA Reform Act and a “restructuring bond issuer” under subdivision 10 of Section 2 of the LIPA Reform Act, that the Bonds constitute “restructuring bonds” under subdivision 3 of Section 2 of the LIPA Reform Act, that the Bonds are entitled to the protections provided in subdivisions 4 and 5 of Section 5 and Section 9 of the LIPA Reform Act, and that the Holder of the Bonds shall be, to the extent permitted by state and federal law and this Bond Indenture, entitled to enforce such sections of the LIPA Reform Act.

### Section 2.14 Security Interest.

The Bond Issuer hereby makes the following representations and warranties. Other than the Lien of this Bond Indenture, the Bond Issuer has not pledged, granted, sold, conveyed or otherwise assigned any interest or security interest in the Collateral. The Lien of this Bond Indenture constitutes a pledge of Restructuring Property and proceeds thereof in accordance with and pursuant to clause (c)(xi) of subdivision 2 of Section 4 of the LIPA Reform Act, subdivision 2 of Section 7 of the LIPA Reform Act and the Financing Order, and is perfected, valid and binding. The proceeds, moneys or revenues so pledged and hereafter received by the Bond Issuer as the owner of Restructuring Property shall immediately be subject to the lien of such pledge, and such lien is perfected, without any physical delivery thereof or further act. The lien of any such pledge is perfected, valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the owner of Restructuring Property irrespective of whether such parties have notice thereof and shall be superior to any judicial liens or other liens obtained by such claimants or transferees. Pursuant to the LIPA Reform Act, no instrument by which such pledge or lien is created need be recorded in order to perfect such pledge or lien. Pursuant to the LIPA Reform Act, the pledge of Restructuring Property is a continuously perfected security interest and has priority over any other lien, created by operation of law or otherwise, that may subsequently attach to that Restructuring Property or proceeds thereof. The Holders, and the Bond

Trustee on their behalf, have a perfected security interest in the amount of all Restructuring Property revenues or other proceeds that are deposited in any deposit account or other account of the Servicer or other entity in which Restructuring Property revenues or other proceeds have been commingled with other funds, subject to payments of Excess Remittances from the Collection Account pursuant to Section 3.03(c) of the Servicing Agreement and Section 8.02(e) and releases of Collateral permitted by Section 8.04. Any other security interest that may apply to Restructuring Property revenues or other proceeds shall be terminated when such revenues or proceeds are transferred to the Collection Account for an assignee or a financing party. No application of the adjustment mechanism as described in the LIPA Reform Act, the Financing Order or the Servicing Agreement shall affect the validity, perfection, or priority of a pledge of, security interest in or the sale or transfer of Restructuring Property.

Notwithstanding the foregoing, the Bond Issuer shall file any initial financing statements, and the Bond Trustee hereby agrees to file any necessary continuation statements, which in the case of Restructuring Property shall be for informational purposes only describing the pledge and referring to the Financing Order and the Restructuring Property described therein under Article 9 of the UCC, as required by subdivision 2 of Section 7 of the LIPA Reform Act.

#### Section 2.15 Limitation of Liability for Payments.

All payments or distributions made to Holders of Bonds under this Bond Indenture, of Operating Expenses and of any expenses of the Bond Issuer to be paid or incurred that are not specifically denominated an Operating Expense shall be made only from the Collateral and only to the extent that the Bond Trustee shall have sufficient income or proceeds from the Collateral to make such payments in accordance with the terms of Article VIII of this Bond Indenture. Except as otherwise provided in this Bond Indenture, each Holder of a Bond, by acceptance of such Bond, agrees that it will look solely to the income and proceeds from the Collateral to the extent available for payment and distribution to such Holder as provided in this Bond Indenture.

The Bonds shall not constitute a debt, general obligation or a pledge of the faith and credit or taxing power of the State of New York or of any county, municipality or any other political subdivision, agency or instrumentality of the State of New York, other than the Bond Issuer. The issuance of the Bonds does not obligate the State of New York or any county, municipality or any other political subdivision, agency or instrumentality of the State of New York to levy any tax or make any appropriation for payment of the principal of or interest on the Bonds.

#### Section 2.16 Book-Entry and Definitive Bonds.

(a) The Bonds may be issued in the form of one or more typewritten certificates representing Book-Entry Bonds, to be delivered to The Depository Trust Company, the initial Clearing Agency, by, or on behalf of, the Bond Issuer. In such case, the Bonds delivered to The Depository Trust Company shall initially be registered on the Bond Register in the name of Cede & Co., the nominee of the initial Clearing Agency, and no Bondholder will receive a definitive Bond representing such Bondholder's interest in the Bonds, except as provided in Section 2.16(f). Unless and until definitive, fully registered Bonds ("Definitive Bonds") have been issued pursuant to Section 2.16(f):

(i) the provisions of this Section 2.16(a) shall be in full force and effect with respect to the Bonds;

(ii) the Bond Issuer, the Paying Agent, the Bond Registrar and the Bond Trustee may deal with the Clearing Agency for all purposes (including without limitation the making of payments and distributions on the Bonds and giving notices of redemption) as the authorized representative of the Bondholders and in accordance with the Clearing Agency's rules and procedures;

(iii) to the extent that the provisions of this Section 2.16 conflict with any other provisions of this Bond Indenture, the provisions of this Section 2.16 shall control;

(iv) the rights of Bondholders shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Bondholders and the Clearing Agency Participants; and until Definitive Bonds are issued pursuant to Section 2.16(e), the Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit payments and distributions of principal of and interest on the Bonds to such Clearing Agency Participants; and

(v) whenever this Bond Indenture requires or permits actions to be taken based upon instructions or directions of Bondholders holding Bonds representing a specified percentage of the aggregate Outstanding Amount of Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Bondholders or Clearing Agency Participants owning or representing, respectively, Bonds representing such percentage of the aggregate Outstanding Amount of Bonds, and has delivered such instructions to the Bond Trustee; the Bond Trustee shall have no obligation to determine whether the Clearing Agency has in fact received any such instructions.

(b) Whenever notice or other communication to the Holders of Bonds issued in the form of Book-Entry Bonds is required under this Bond Indenture, unless and until Definitive Bonds shall have been issued pursuant to Section 2.16(e), the Bond Trustee shall give all such notices and communications specified herein to be given to Holders of Bonds to the Clearing Agency.

(c) Except in the case of payment upon maturity or redemption if the book-entry system is not in effect, any provision of this Bond Indenture permitting or requiring the delivery of Bonds shall, while the book-entry system is in effect, be satisfied by the notation on the books of the Clearing Agency, of the transfer of the beneficial owner's interest in such Bond.

(d) With respect to Bonds registered in the name of a Clearing Agency (or its nominee) neither the Bond Trustee nor the Bond Issuer shall have any obligation to any of its members or participants or to any Person on behalf of whom an interest is held in the Bonds.

(e) So long as the book-entry system is in effect, the Bond Trustee and Paying Agents shall comply with the terms of all agreements with and operational requirements of DTC.

(f) If (i) a Clearing Agency advises the Bond Trustee in writing that a Clearing Agency is no longer willing or able to properly discharge its responsibilities with respect to the Bonds, and the Bond Trustee or the Bond Issuer is unable to locate a qualified successor, (ii) the Bond Issuer at its option advises the Bond Trustee in writing that it elects to terminate the book-entry system through a Clearing Agency with respect to the Bonds, subject to applicable policies of such Clearing Agency, or (iii) after the occurrence of an Event of Default, Bondholders representing beneficial interests aggregating at least a majority of the Outstanding Amount of the Bonds advise the Clearing Agency and the Bond Trustee in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Bondholders, then the Clearing Agency shall notify all Bondholders and the Bond Trustee of the occurrence of any such event and of the availability of Definitive Bonds to Bondholders requesting the same. Upon surrender to the Bond Trustee of the typewritten certificate or certificates representing the Book-Entry Bonds by the Clearing Agency, accompanied by registration instructions, and upon written direction by the Bond Issuer and delivery to the Bond Trustee by the Bond Issuer of executed Definitive Bonds, the Bond Trustee shall authenticate such Definitive Bonds in accordance with the instructions of the Clearing Agency. None of the Bond Issuer, the Bond Registrar or the Bond Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Bonds, the Bond Trustee shall recognize the Holders of the Definitive Bonds as Bondholders.

#### Section 2.17 Reservation of Right to Issue Additional Bonds.

To the extent permitted by the laws of the State of New York, additional bonds, notes or other obligations may be issued or incurred by the Bond Issuer for any purpose and secured as provided by such laws of the State of New York, other than by the Collateral, provided that the Rating Agency Condition shall have been satisfied.

### **ARTICLE III**

### **COVENANTS**

#### Section 3.01 Payment of Principal and Interest.

The Bond Issuer will duly and punctually pay the principal of and redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Bond Indenture.

#### Section 3.02 Maintenance of Agent for Registration of Exchanges and Transfers.

The Bond Issuer hereby appoints the Bond Trustee as its agent to receive all Bonds that are surrendered for registration of transfer or exchange. Such surrenders shall be received at the Corporate Trust Office of the Bond Trustee.

#### Section 3.03 Money for Payments To Be Held in Trust.

As provided in Section 8.02(a), all payments of amounts due and payable with respect to any Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(e) shall be made on behalf of the Bond Issuer by the Bond Trustee or by another

Paying Agent, and no amounts so withdrawn from the Collection Account for payments of Bonds shall be paid over to the Bond Issuer except as provided in this Section 3.03 and Section 8.02.

The Bond Issuer will cause each Paying Agent other than the Bond Trustee to execute and deliver to the Bond Trustee an instrument in which such Paying Agent shall agree with the Bond Trustee (and if the Bond Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of amounts due with respect to the Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(b) give the Bond Trustee notice of any Default by the Bond Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Bonds;

(c) at any time during the continuance of any such Default, upon the written request of the Bond Trustee, forthwith pay to the Bond Trustee all sums so held in trust by such Paying Agent;

(d) immediately resign as a Paying Agent and forthwith pay to the Bond Trustee all sums held by it in trust for the payment of Bonds if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment; and

(e) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Bond Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Bond Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Bond Trustee all sums held in trust by such Paying Agent, such sums to be held by the Bond Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Bond Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds, any money held by the Bond Trustee or any Paying Agent in trust for the payment of any amount due with respect to the principal of or interest on any Bond and remaining unclaimed for two (2) years after such amount has become due and payable shall be discharged from such trust and be paid to the Bond Issuer on Issuer Request and, subject to Section 11.16, the Holder of such Bond shall thereafter, as an unsecured general creditor, look only to the Bond Issuer for payment thereof (but only to the extent of the amounts so paid to the Bond Issuer and forming a part of the Collateral), and all liability of the Bond Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Bond Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Bond Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication,

any unclaimed balance of such money then remaining will be repaid to the Bond Issuer. The Bond Trustee may also adopt and employ, at the expense of the Bond Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Bond Trustee or of any Paying Agent, at the last address of record for each such Holder).

#### Section 3.04 Protection of Collateral.

The Bond Issuer will from time to time execute and deliver all such supplements and amendments hereto and except to the extent required to be made by the Seller or Servicer, make all such filings pursuant to the LIPA Reform Act or the Financing Order, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

- (a) maintain or preserve the Lien and security interest (and the priority thereof) of this Bond Indenture or carry out more effectively the purposes hereof;
- (b) perfect, publish notice of or protect the validity of any Grant made or to be made by this Bond Indenture;
- (c) enforce any of the Collateral;
- (d) preserve and defend title to the Collateral and the rights of the Bond Trustee and the Bondholders in such Collateral against the claims of all Persons and parties, including without limitation the challenge by any party to the validity or enforceability of the Financing Order, any Adjustment Notice or the Restructuring Property or any proceeding relating thereto and institute any action or proceeding necessary to compel performance by the PACB or the State of New York of any of its obligations or duties under the LIPA Reform Act, the Financing Order or any Adjustment Notice; or
- (e) pay any and all taxes levied or assessed against all or any part of the Collateral.

The Bond Issuer hereby designates the Bond Trustee its agent and attorney-in-fact with authorization to execute and/or file on behalf of the Bond Issuer, except to the extent required to be filed or furnished by the Seller or Servicer, any filings pursuant to the Financing Order or other instrument required by the Bond Trustee pursuant to this Section, it being understood that the Bond Trustee shall have no such obligation.

#### Section 3.05 Performance of Obligations; Servicing; Certain Filings.

The Bond Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its reasonable efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly permitted in this Bond Indenture, the Sale Agreement, the Servicing Agreement or such other instrument or agreement.



(a) The Bond Issuer may contract with other Persons to assist it in performing its duties under this Bond Indenture, and any performance of such duties by a Person identified to the Bond Trustee in an Officer's Certificate of the Bond Issuer shall be deemed to be action taken by the Bond Issuer. Initially, the Bond Issuer has contracted with the Administrator and the Servicer to assist the Bond Issuer in performing its duties under this Bond Indenture.

(b) The Bond Issuer will punctually perform and observe all of its obligations and agreements contained in this Bond Indenture, in the Basic Documents and in the instruments and agreements included in the Collateral, including filing or causing to be filed all filings pursuant to the LIPA Reform Act or the Financing Order required to be filed by it by the terms of this Bond Indenture, the Sale Agreement and the Servicing Agreement in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly permitted therein, the Bond Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the written consent of the Bond Trustee (which consent shall not be withheld if (i) the Bond Trustee shall have received an Officer's Certificate stating that such waiver, amendment, modification, supplement or termination shall not adversely affect in any material respect the interests of the Bondholders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto) or the Holders of at least a majority of the Outstanding Amount of Bonds.

(c) If the Bond Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement, the Bond Issuer shall promptly give written notice thereof to the Bond Trustee and the Rating Agencies, and shall specify in such notice the action, if any, the Bond Issuer is taking with respect of such default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the Restructuring Property, including the Charge, the Bond Issuer shall take all reasonable steps available to it to remedy such failure.

(d) As promptly as possible after the giving of notice to the Servicer and the Bond Trustee of termination of the Servicer's rights and powers pursuant to Section 6.01 of the Servicing Agreement, the Bond Issuer, subject to certain conditions set forth in the Servicing Agreement, shall appoint a successor Servicer (the "Successor Servicer") with the Bond Trustee's prior written consent thereto (which consent shall not be unreasonably withheld and shall be given upon the written direction of Holders of not less than a majority of the Outstanding Amount of the Bonds), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Bond Issuer and the Bond Trustee. If within 30 days after the delivery of the notice referred to above, the Bond Issuer shall not have obtained such a new Servicer, the Bond Trustee, at the expense of the Bond Issuer, may petition a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, the Bond Issuer may make such arrangements for the compensation of such successor as it and such successor shall agree, subject to the limitations set forth below and in the Servicing Agreement, and in accordance and in compliance with Section 6.04 of the Servicing Agreement, the Bond Issuer shall enter into an agreement with such successor for the servicing of the Restructuring Property (such agreement to be in form and substance satisfactory to the Bond Trustee).

(e) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Bond Trustee shall promptly notify the Bond Issuer, the Bondholders and the Rating Agencies. As soon as a Successor Servicer is appointed, the Bond Issuer shall notify the Bond Trustee, the Bondholders and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer.

(f) Without derogating from the absolute nature of the assignment granted to the Bond Trustee under this Bond Indenture or the rights of the Bond Trustee hereunder, the Bond Issuer agrees that it will not, without the prior written consent of the Bond Trustee or the Holders of at least a majority in Outstanding Amount of the Bonds, amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any Collateral or the Basic Documents, or waive timely performance or observance of any material term by the Seller or the Servicer under the Sale Agreement or the Servicing Agreement, respectively; provided, however, that no such consent of the Bond Trustee or the Holders shall be required with respect to any agreements between the Servicer and others for the performance of duties under the Servicing Agreement as then in effect or for any amendment of the Servicing Agreement permitted by Section 7.01(c) thereof including, upon satisfaction of the Rating Agency Condition, to accommodate the issuance of bonds, notes or other obligations pursuant to Section 2.17. If any such amendment, modification, supplement or waiver shall be so consented to by the Bond Trustee or such Holders, the Bond Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as shall be necessary or appropriate in the circumstances. The Bond Issuer agrees that no such amendment, modification, supplement or waiver shall adversely affect the rights of the Holders of the Bonds Outstanding at the time of any such amendment, modification, supplement or waiver, except as otherwise agreed to by the Holders in accordance with the Basic Documents.

### Section 3.06 Negative Covenants.

So long as any Bonds are Outstanding, the Bond Issuer shall not:

(a) except as expressly permitted by this Bond Indenture, sell, transfer, exchange or otherwise Grant or dispose of any of, or assign any interest in, the Collateral, unless directed to do so by the Bond Trustee in accordance with Article V;

(b) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Bonds (other than amounts properly withheld from such payments under the Code or other tax law) or assert any claim against any present or former Bondholder by reason of the payment of the taxes levied or assessed upon any part of the Collateral;

(c) voluntarily consent to the termination of its existence or its dissolution or liquidation in whole or in part;

(d) (i) permit the validity or effectiveness of this Bond Indenture to be impaired, or permit the Lien of this Bond Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Bonds under this Bond Indenture except as may be expressly permitted hereby, (ii) permit

any Lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the Lien of this Bond Indenture and the Statutory Lien) to be created by the Bond Issuer on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof or (iii) subject to the Statutory Lien, permit the Lien of this Bond Indenture not to constitute a valid first priority security interest in the Collateral; or

(e) take any action which is subject to a Rating Agency Condition without satisfying the Rating Agency Condition.

#### Section 3.07 Servicer's Obligations.

The Bond Issuer shall enforce the Servicer's compliance with all of the Servicer's obligations under the Servicing Agreement to the extent material to the payment and security of the Bonds.

#### Section 3.08 No Borrowing.

The Bond Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the Bonds, except pursuant to Section 2.17.

#### Section 3.09 No Additional Bonds.

The Bond Issuer shall not issue any additional Bonds hereunder, except pursuant to Section 2.05 or 2.06. Additional bonds, notes or other obligations may be issued or incurred by the Bond Issuer secured other than by the Collateral, subject to the limitations set forth in Section 2.17.

#### Section 3.10 Guarantees, Loans, Advances and Other Liabilities.

Except as otherwise contemplated by the Sale Agreement, the Servicing Agreement or this Bond Indenture, the Bond Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

#### Section 3.11 Capital Expenditures.

Other than expenditures in connection with the Bond Issuer's purchase of Restructuring Property from the Seller, the Bond Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

### Section 3.12 Notice of Events of Default.

The Bond Issuer agrees to give the Bond Trustee and the Rating Agencies prompt written notice of each Event of Default hereunder as provided in Section 5.01, or waiver thereof and each default on the part of the Seller or the Servicer of its obligations under the Sale Agreement or the Servicing Agreement, respectively, materially and adversely affecting the Bonds.

### Section 3.13 Further Instruments and Acts.

Upon request of the Bond Trustee, the Bond Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Bond Indenture and maintain a first priority perfected security interest in the Collateral in favor of the Bond Trustee.

### Section 3.14 Tax Covenants.

The Bond Issuer covenants that with respect to the Series TE Bonds, the interest on which is intended to be excluded from gross income for federal income tax purposes, it shall comply with the applicable provisions of the Code relating to the exclusion of the interest on the Series TE Bonds from gross income for federal income taxation purposes. In furtherance of the foregoing covenant:

(i) The Bond Issuer shall not take or cause to be taken, or permit to be taken, any action or actions with respect to the application and investment of any proceeds of the Series TE Bonds or any other funds from whatever source derived which would cause any Series TE Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “private activity bonds” within the meaning of Section 141 of the Code. The Bond Issuer covenants not to consent to any amendment to, or waive performance of, any covenant of the Authority or the Servicer relating to the use, ownership or management of the projects or any portion thereof financed or refinanced by the Series TE Bonds in the tax agreements or certificates entered into by the Authority and the Servicer in connection with the Series TE Bonds unless the Bond Issuer has received an Opinion of Counsel from a nationally recognized bond counsel to the effect that such amendment or waiver would not, by itself, cause any Series TE Bonds to be “private activity bonds” within the meaning of Section 141 of the Code or otherwise cause interest on the Series TE Bonds to be included in gross income for federal income tax purposes.

(ii) The Bond Issuer shall comply with the tax agreements executed and delivered by it and the letter of instructions, if any, delivered by bond counsel, in connection with the issuance of the Series TE Bonds as to compliance with applicable provisions of the Code, as such tax covenants and agreements and letter may be amended from time to time, as a source of guidance for achieving compliance with the Code, including, without limitation, timely payments of all rebate or other amounts to the United States Department of the Treasury under Section 148 of the Code.

Notwithstanding anything else in this Bond Indenture to the contrary, including without limitation Article IV, the covenants of this Section 3.14 shall survive the payment or defeasance of the Series TE Bonds.

## **ARTICLE IV**

### **SATISFACTION AND DISCHARGE; DEFEASANCE**

#### **Section 4.01 Satisfaction and Discharge of Bond Indenture; Defeasance.**

(a) This Bond Indenture shall cease to be of further effect with respect to the Bonds and the Bond Trustee, on reasonable written demand of and at the expense of the Bond Issuer, shall execute such instruments as the Bond Issuer reasonably requests acknowledging satisfaction and discharge of this Bond Indenture with respect to the Bonds, when

(i) either:

(A) all Bonds theretofore authenticated and delivered (other than (1) Bonds that have been mutilated, destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Bond Issuer and thereafter repaid to the Bond Issuer or discharged from such trust, as provided in Section 3.03) have been delivered to the Bond Trustee for cancellation; or

(B) the final Payment Date has occurred with respect to all Bonds not theretofore delivered to the Bond Trustee for cancellation and the Bond Issuer has irrevocably deposited or caused to be irrevocably deposited with the Bond Trustee, in trust for such purpose, cash in an amount sufficient to pay and discharge the entire indebtedness on such Bonds not theretofore delivered to the Bond Trustee for cancellation on the final Payment Date therefor;

(ii) the Bond Issuer has paid or caused to be paid all other sums payable hereunder by the Bond Issuer; and

(iii) the Bond Issuer has delivered to the Bond Trustee an Officer's Certificate, an Opinion of Counsel and (if required by the Bond Trustee) an Independent Certificate from a firm of certified public accountants, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Bond Indenture with respect to the Bonds have been complied with.

(b) Notwithstanding Section 4.01(a), but subject to Sections 4.01(c) and 4.02, the Bond Issuer at any time may terminate all its obligations under this Bond Indenture with respect to the Bonds (a "Legal Defeasance"). In the event of a Legal Defeasance, the maturity of the Bonds defeased pursuant to such Legal Defeasance may not be accelerated because of an Event of Default.

Upon satisfaction of the conditions set forth herein to a Legal Defeasance, the Bond Trustee, on reasonable written demand of and at the expense of the Bond Issuer, shall execute such instruments as the Bond Issuer reasonably requests acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Sections 4.01(a) and 4.01(b) above, (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Bonds, (iii) rights of Bondholders to receive payments of principal and interest, (iv) Sections 4.03 and 4.04, (v) the rights, obligations and immunities of the Bond Trustee hereunder (including the rights of the Bond Trustee under Section 6.07 and the obligations of the Bond Trustee under Section 4.03) and (vi) the rights of Bondholders as beneficiaries hereof with respect to the property deposited with the Bond Trustee payable to all or any of them, shall survive until the Bonds, as to which this Bond Indenture or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or 4.01(b), have been paid in full. Thereafter, the obligations in Sections 4.04 and 6.07 shall survive.

#### Section 4.02 Conditions to Defeasance.

The Bond Issuer may exercise a Legal Defeasance of Bonds only if:

(a) the Bond Issuer irrevocably deposits or causes to be irrevocably deposited in trust with the Bond Trustee cash or non-callable Defeasance Securities for the payment of principal or Redemption Price of and interest on each such Serial Bond to the Scheduled Maturity Date (or, if applicable, at the election of the Bond Issuer, any earlier optional redemption date) and Term Bond to the Scheduled Sinking Fund Redemption Date (or, if applicable, any earlier optional redemption date), or with respect to the Bonds of any Tranche subject to optional redemption pursuant to Section 2.02(f), cash or non-callable Defeasance Securities for the payment of principal or Redemption Price of and interest on each such Serial Bond to the Redemption Date set forth in the written notice provided by the Bond Issuer pursuant to Section 10.03;

(b) the Bond Issuer delivers to the Bond Trustee a certificate from a nationally recognized firm of Independent certified public accountants expressing its opinion that the payments of principal and interest when due and without reinvestment on the deposited Defeasance Securities plus any deposited cash without investment will provide cash at such times and in such amounts (but not substantially more than such amounts) as will be sufficient to pay in respect of the Bonds (i) principal on the Scheduled Maturity Date in accordance with the Expected Amortization Schedule therefor (or, if applicable, at the election of the Bond Issuer, any earlier optional redemption date) or Redemption Price on the Scheduled Sinking Fund Redemption Date in accordance with the Expected Sinking Fund Schedule therefor (or, if applicable, at the election of the Bond Issuer, any earlier optional redemption date), as applicable, and (ii) interest when due;

(c) if an election is made to redeem any such Bonds prior to maturity, the Bond Issuer irrevocably designates such Bonds for redemption on the redemption date and proper notice of redemption shall have been made or provision satisfactory to the Bond Trustee shall have been irrevocably made for the giving of such notice;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) in the case of an exercise of a Legal Defeasance with respect to the Series TE Bonds, the Bond Issuer shall have delivered to the Bond Trustee an Opinion of Counsel stating that the Holders of such Bonds will not recognize income, gain or loss for federal or New York income tax purposes as a result of such legal defeasance and will be subject to federal or New York income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(f) in the case of an exercise of a Legal Defeasance with respect to the Series T Bonds, the Bond Issuer shall have delivered to the Bond Trustee an Opinion of Counsel stating that (i) the Bond Issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Bond Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of such Bonds will not recognize income, gain or loss for federal or New York income tax purposes as a result of such legal defeasance and will be subject to federal or New York income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(g) the Bond Issuer delivers to the Bond Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the satisfaction and discharge of the Bonds to the extent contemplated by this Article IV have been complied with.

#### Section 4.03 Application of Trust Money.

All moneys or Defeasance Securities deposited with the Bond Trustee pursuant to Section 4.01 or 4.02 hereof shall be held in trust and applied by it, in accordance with the provisions of the Bonds and this Bond Indenture, to the payment, either directly or through any Paying Agent, as the Bond Trustee may determine, to the Holders of the particular Bonds for the payment of which such moneys or Defeasance Securities have been deposited with the Bond Trustee, of all sums due and to become due thereon for principal and interest, but such moneys need not be segregated from other funds except to the extent required herein or in the Servicing Agreement or required by law. Notwithstanding anything to the contrary in this Article IV, the Bond Trustee shall deliver or pay to the Bond Issuer from time to time upon Issuer Request any money or Defeasance Securities held by it pursuant to Section 4.02 which, in the opinion of a nationally recognized firm of Independent certified public accountants expressed in a written certification thereof delivered to the Bond Trustee (and not at the cost or expense of the Bond Trustee), are in excess of the amount thereof which would be required to be deposited for the purpose for which such moneys or Defeasance Securities were deposited.

#### Section 4.04 Repayment of Moneys Held by Paying Agent.

In connection with the satisfaction and discharge of this Bond Indenture or a Legal Defeasance with respect to the Bonds, all moneys then held by any Paying Agent other than the Bond Trustee under the provisions of this Bond Indenture with respect to such Bonds shall, upon demand of the Bond Issuer, be paid to the Bond Trustee to be held and applied according to Section

3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

## **ARTICLE V**

### **REMEDIES**

#### **Section 5.01 Events of Default.**

“Event of Default”, wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest or redemption premium on any Bond when the same becomes due and payable, and such default shall continue for a period of five (5) Business Days; or

(b) default in the payment of the then unpaid principal of any Bond of any Tranche on the Final Maturity Date of such Tranche; or

(c) default in the observance or performance in any material respect of any covenant or agreement of the Bond Issuer made in this Bond Indenture (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with), or any representation or warranty of the Bond Issuer made in this Bond Indenture or in any certificate or other writing delivered pursuant hereto or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of thirty (30) days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Bond Issuer by the Bond Trustee or to the Bond Issuer and the Bond Trustee by the Holders of at least twenty-five percent (25%) of the Outstanding Amount of the Bonds, a written notice specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder or (ii) the date the Bond Issuer has actual knowledge of the default; or

(d) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Bond Issuer or any substantial part of the Collateral in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Bond Issuer or for any substantial part of the Collateral, or ordering the winding-up or liquidation of the Bond Issuer’s affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days; or

(e) the commencement by the Bond Issuer of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Bond Issuer to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by the Bond Issuer to the appointment or taking



possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Bond Issuer or for any substantial part of the Collateral, or the making by the Bond Issuer of any general assignment for the benefit of creditors, or the failure by the Bond Issuer generally to pay its debts as such debts become due, or the taking of action by the Bond Issuer in furtherance of any of the foregoing; or

(f) any act or failure to act by the State of New York or any of its agencies (including the Authority), officers or employees which violates or is not in accordance with the Financing Order or the State Pledge.

The Bond Issuer shall deliver to a Responsible Officer of the Bond Trustee and the Rating Agencies, within five (5) days after an Authorized Officer has knowledge of the occurrence thereof, written notice in the form of an Officer's Certificate of any event (i) which is an Event of Default under clause (a), (b), (d), (e) or (f) or (ii) which with the giving of notice, the lapse of time, or both would become an Event of Default under clause (b) or (c), including, in each case, the status of such Default or Event of Default and what action the Bond Issuer is taking or proposes to take with respect thereto.

#### Section 5.02 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default should occur and be continuing, then and in every such case the Bond Trustee or the Holders of Bonds representing not less than a majority of the Outstanding Amount of the Bonds may declare all the Bonds to be immediately due and payable, by a notice in writing to the Bond Issuer (and to the Bond Trustee if given by Bondholders), and upon any such declaration the unpaid principal amount of the Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Bond Trustee as hereinafter in this Article V provided, the Holders of Bonds representing a majority of the Outstanding Amount of the Bonds, by written notice to the Bond Issuer and the Bond Trustee, may rescind and annul such declaration and its consequences if

(a) the Bond Issuer has paid or deposited with the Bond Trustee a sum sufficient to pay:

(i) all sums paid or advanced by the Bond Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Bond Trustee and its agents and counsel; and

(ii) all payments of principal of and interest on all Bonds and all other amounts that would then be due hereunder or upon such Bonds if the Event of Default giving rise to such acceleration had not occurred; and

(b) all Events of Default, other than the nonpayment of the principal of the Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

#### Section 5.03 Collection of Indebtedness and Suits for Enforcement by Bond Trustee.

(a) The Bond Issuer covenants that if (i) default is made in the payment of any interest on any Bond when the same becomes due and payable, and such default continues for a period of five (5) days or (ii) default is made in the payment of the then unpaid principal of any Bond on the Final Maturity Date for such Bond, the Bond Issuer will, upon demand of the Bond Trustee, pay to it, for the benefit of the Holders of the Bonds, the whole amount then due and payable on such Bonds for principal and interest, with interest upon the overdue principal and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the Bonds of the applicable Tranche and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Bond Trustee and its agents and counsel.

(b) Subject to Sections 11.10 and 11.11, in case the Bond Issuer shall fail forthwith to pay such amounts upon such demand, the Bond Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Bond Issuer or other obligor upon such Bonds and collect in the manner provided by law out of the property of the Bond Issuer or other obligor upon such Bonds, wherever situated, the moneys adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, the Bond Trustee may, as more particularly provided in Section 5.04, in its discretion, proceed to protect and enforce its rights and the rights of the Bondholders, by such appropriate Proceedings as the Bond Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Bond Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Bond Trustee by this Bond Indenture or by law.

(d) In case there shall be pending, relative to the Bond Issuer or any other obligor upon the Bonds or any Person having or claiming an ownership interest in the Collateral, Proceedings under any applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Bond Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to the Bond Issuer or other obligor upon the Bonds, or to the creditors or property of the Bond Issuer or such other obligor, the Bond Trustee, irrespective of whether the principal of any Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Bond Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of (A) the Bond Trustee (including any claim for reasonable compensation to the Bond Trustee and each predecessor Bond Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Bond Trustee and each predecessor Bond Trustee, except as a result of negligence or willful misconduct), (B) the Bondholders and (C) each Person for whom a claim may be made under this Bond Indenture allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Bondholder in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Bondholders and of the Bond Trustee on their behalf;

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Bond Trustee or the Bondholders allowed in any judicial proceeding relative to the Bond Issuer, its creditors and its property; and

(v) to participate as a member, voting or otherwise, of any official committee of creditors appointed in such matter.

and any trustee, receiver, liquidator, assignee, sequestrator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Bondholders to make payments to the Bond Trustee, and, in the event that the Bond Trustee shall consent to the making of payments directly to such Bondholders, to pay to the Bond Trustee (or such other beneficiary under this Bond Indenture) such amounts as shall be sufficient to cover reasonable compensation and other amounts owing hereunder to the Bond Trustee or such Person, each predecessor Bond Trustee and their respective agents, attorneys and counsel, and all other reasonable expenses and liabilities incurred, and all advances made, by the Bond Trustee and each predecessor Bond Trustee except as a result of negligence or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize the Bond Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Holder thereof or to authorize the Bond Trustee to vote in respect of the claim of any Bondholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Bond Indenture, or under any of the Bonds, may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or other Proceedings relative thereto, and any such

action or proceedings instituted by the Bond Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Bond Trustee, each predecessor Bond Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Bonds.

(g) In any Proceedings brought by the Bond Trustee (and also any Proceedings involving the interpretation of any provision of this Bond Indenture to which the Bond Trustee shall be a party), the Bond Trustee shall be held to represent all the Holders of the Bonds, and it shall not be necessary to make any Bondholder a party to any such Proceedings.

#### Section 5.04 Remedies; Priorities.

(a) If an Event of Default shall have occurred and be continuing, the Bond Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Bonds or under this Bond Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Bond Issuer and any other obligor upon such Bonds moneys adjudged due;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Bond Indenture with respect to the Collateral;

(iii) exercise any remedies of a secured party under the LIPA Reform Act or other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Bond Trustee and the Holders of the Bonds;

(iv) sell the Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law; and

(v) exercise all rights, remedies, powers, privileges and claims of the Bond Issuer against the Servicer under or in connection with, and pursuant to the terms of, the Servicing Agreement;

provided, however, that the Bond Trustee may not sell or otherwise liquidate any portion of the Collateral following an Event of Default, other than an Event of Default described in Section 5.01(a) or (b) unless (A) the Holders of one hundred percent (100%) of the Outstanding Amount of the Bonds consent thereto, (B) the proceeds of such sale or liquidation distributable to the Bondholders are sufficient to discharge in full all amounts then due and unpaid upon such Bonds for principal and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth in Section 8.02(e) or (C) the Bond Trustee determines that the Collateral will not continue to provide sufficient funds for all payments on the Bonds as they would have become due if the Bonds had not been declared immediately due and payable, and the Bond Trustee obtains the written consent of Holders of at least a majority of the Outstanding Amount of the Bonds. In determining such sufficiency or insufficiency with respect to clause (B) and (C), the Bond Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent

investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

(b) If the Bond Trustee collects any money pursuant to this Article V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

#### Section 5.05 Optional Possession of the Collateral.

If the Bonds have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Bond Trustee may, but need not, elect to maintain possession of the Collateral. It is the desire of the parties hereto and the Bondholders that there be at all times sufficient funds for the payment of principal of and interest on the Bonds, and the Bond Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral or sell or liquidate the same, the Bond Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or certified public accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

#### Section 5.06 Limitation of Suits.

Each Holder agrees, by its acceptance of any Bond, to the fullest extent permitted by law, that no Holder of any Bond shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Bond Indenture, or to avail itself of the right to foreclose on the Collateral or otherwise enforce the Lien and the security interest on the Collateral with respect to this Bond Indenture, or to avail itself of any remedies in the LIPA Reform Act or to utilize or enforce the Statutory Lien, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder previously has given written notice to the Bond Trustee of a continuing Event of Default;

(b) the Holders of not less than a majority of the Outstanding Amount of the Bonds have made written request to the Bond Trustee to institute such Proceeding in respect of such Event of Default in its own name as Bond Trustee hereunder;

(c) such Holder or Holders have offered to the Bond Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Bond Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and

(e) no direction inconsistent with such written request has been given to the Bond Trustee during such 60-day period by the Holders of at least a majority of the Outstanding Amount of the Bonds;

it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Bond Indenture to affect, disturb or prejudice the rights of any other Holders of Bonds or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Bond Indenture, except in the manner herein provided.

In the event the Bond Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders of Bonds, each representing less than a majority of the Outstanding Amount of the Bonds, the Bond Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Bond Indenture.

#### Section 5.07 Unconditional Rights of Bondholders To Receive Principal and Interest.

Notwithstanding any other provisions in this Bond Indenture, the Holder of any Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such Bond on or after the due dates thereof expressed in such Bond or in this Bond Indenture or (ii) the unpaid principal, if any, of such Bonds on or after the Final Maturity Date therefor and (b) to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

#### Section 5.08 Restoration of Rights and Remedies.

If the Bond Trustee or any Bondholder has instituted any Proceeding to enforce any right or remedy under this Bond Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Bond Trustee or to such Bondholder, then and in every such case the Bond Issuer, the Bond Trustee and the Bondholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Bond Trustee and the Bondholders shall continue as though no such Proceeding had been instituted.

#### Section 5.09 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Bond Trustee or to the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

#### Section 5.10 Delay or Omission Not a Waiver.

No delay or omission of the Bond Trustee or any Bondholder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Bond Trustee or to the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Bond Trustee or by the Bondholders, as the case may be.

#### Section 5.11 Control by Bondholders.

The Holders of a majority of the Outstanding Amount of the Bonds (or, if less than all Tranches are affected, the affected Tranche or Tranches) shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Bond Trustee with respect to the Bonds of such Tranche or Tranches or exercising any trust or power conferred on the Bond Trustee with respect to such Tranche or Tranches; provided, however, that

(a) such direction shall not be in conflict with any rule of law or with this Bond Indenture;

(b) subject to the express terms of Section 5.04, any direction to the Bond Trustee to sell or liquidate the Collateral shall be by the Holders of Bonds representing not less than one hundred percent (100%) of the Outstanding Amount of the Bonds;

(c) if the conditions set forth in Section 5.05 have been satisfied and the Bond Trustee elects to retain the Collateral pursuant to such Section 5.05, then any direction to the Bond Trustee by Holders of Bonds representing less than 100 percent of the Outstanding Amount of the Bonds to sell or liquidate the Collateral shall be of no force and effect; and

(d) the Bond Trustee may take any other action deemed proper by the Bond Trustee that is not inconsistent with such direction;

provided, however, that, subject to Section 6.01, the Bond Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Bondholders not consenting to such action. Furthermore and without limiting the foregoing, the Bond Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any cost, expense or liability.

#### Section 5.12 Waiver of Past Defaults.

Prior to the declaration of the acceleration of the maturity of the Bonds as provided in Section 5.02, the Holders of Bonds of a majority of the Outstanding Amount of the Bonds (or, if less than all Tranches are affected, the Holders of Bonds of a majority of the Bonds of the affected Tranche or Tranches in the aggregate) may, by written notice to the Bond Trustee, waive any past Default or Event of Default and its consequences, except a Default (a) in payment of principal of or interest on any of the Bonds or (b) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Bond of all Tranches affected. In the case of any such waiver, the Bond Issuer, the Bond Trustee and the Holders of the Bonds shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Bond Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

### Section 5.13 Undertaking for Costs.

All parties to this Bond Indenture agree, and each Holder of any Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Bond Indenture, or in any suit against the Bond Trustee for any action taken, suffered or omitted by it as Bond Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion, subject to applicable law, assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Bond Trustee, (b) any suit instituted by any Bondholder, or group of Bondholders, in each case holding in the aggregate more than ten percent (10%) of the Outstanding Amount of the Bonds or (c) any suit instituted by any Bondholder for the enforcement of the payment of (i) interest on any Bond on or after the due dates expressed in such Bond and in this Bond Indenture or (ii) the unpaid principal, if any, of any Bond on or after the Final Maturity Date therefor.

### Section 5.14 Waiver of Stay or Extension Laws.

The Bond Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Bond Indenture; and the Bond Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Bond Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

### Section 5.15 Action on Bonds.

The Bond Trustee's right to seek and recover judgment on the Bonds or under this Bond Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Bond Indenture. Neither the Lien of this Bond Indenture nor any rights or remedies of the Bond Trustee or the Bondholders shall be impaired by the recovery of any judgment by the Bond Trustee against the Bond Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of the Bond Issuer.

### Section 5.16 Performance and Enforcement of Certain Obligations.

(a) Promptly following a request from the Bond Trustee to do so and at the Bond Issuer's expense, the Bond Issuer agrees to take all such lawful action as the Bond Trustee may reasonably request to compel or secure the performance and observance by the Seller and the Servicer, as applicable, of each of their obligations to the Bond Issuer under or in connection with the Sale Agreement and the Servicing Agreement, respectively, in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Bond Issuer under or in connection with the Sale Agreement and the Servicing Agreement, respectively, to the extent and in the manner directed by the Bond Trustee, including the



transmission of notices of default on the part of the Seller or the Servicer thereunder and the institution of legal or administrative actions or proceedings to compel or secure performance by the Seller or the Servicer of each of their obligations under the Sale Agreement and the Servicing Agreement, respectively.

(b) If an Event of Default has occurred and shall be continuing, the Bond Trustee may, and, at the written direction of the Holders of at least a majority of the Outstanding Amount of the Bonds shall, subject to Article VI, exercise all rights, remedies, powers, privileges and claims of the Bond Issuer against the Seller or the Servicer under or in connection with the Sale Agreement and the Servicing Agreement, respectively, including the right or power to take any action to compel or secure performance or observance by the Seller or the Servicer of each of their obligations to the Bond Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Sale Agreement or the Servicing Agreement, respectively, and any right of the Bond Issuer to take such action shall be suspended.

## **ARTICLE VI**

### **THE BOND TRUSTEE AND PAYING AGENTS**

#### **Section 6.01 Duties of Bond Trustee.**

(a) If an Event of Default has occurred and is continuing, the Bond Trustee shall exercise the rights and powers vested in it by this Bond Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Bond Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee; and

(ii) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bond Trustee and conforming to the requirements of this Bond Indenture; however, the Bond Trustee shall examine the certificates and opinions to determine whether or not they appear on their face to conform to the requirements of this Bond Indenture.

(c) The Bond Trustee may not be relieved from liability for its own negligence or willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Bond Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Bond Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Bond Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Bond Indenture that in any way relates to the Bond Trustee is subject to paragraphs (a), (b) and (c) of this Section 6.01.

(e) The Bond Trustee shall not be liable for interest on any money received by it except as the Bond Trustee may agree in writing with the Bond Issuer.

(f) Money held in trust by the Bond Trustee need not be segregated from other funds except to the extent required by law or the terms of this Bond Indenture, the Sale Agreement or the Servicing Agreement.

(g) No provision of this Bond Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Bond Indenture relating to the conduct or affecting the liability of or affording protection to the Bond Trustee shall be subject to the provisions of this Section and to the provisions of the Trust Indenture Act.

(i) In the event that the Bond Trustee is also acting as Paying Agent or Bond Registrar hereunder, this Article VI shall also be afforded to such Paying Agent or Bond Registrar.

(j) Under no circumstances shall the Bond Trustee be liable for any indebtedness of the Bond Issuer, the Servicer or the Seller evidenced by or arising under the Bonds, any Basic Document or the Bond Purchase Agreement.

#### Section 6.02 Rights of Bond Trustee.

(a) The Bond Trustee may conclusively rely and shall be fully protected in acting or refraining from acting in reliance upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, paper or other document believed by it to be genuine and to have been signed or presented by the proper party or parties and the Bond Trustee need not investigate any matter or fact stated in such document;

(b) any request or direction of the Bond Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request;

(c) before the Bond Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate or an Opinion of Counsel of external counsel of the Bond Issuer (at no cost or expense to the Bond Trustee) that such action is required or permitted hereunder. The Bond Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(d) the Bond Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Bond Indenture and the Bonds shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) the Bond Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Bond Indenture or to institute, conduct or defend any litigation hereunder or in relation hereto at the request or direction of any of the Bondholders pursuant to this Bond Indenture, unless such Bondholders shall have offered to the Bond Trustee security or indemnity satisfactory to it against the cost, expenses (including reasonable legal fees and expenses) and liabilities that might be incurred by it in compliance with such request or direction;

(f) the Bond Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, paper or other document;

(g) the Bond Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees and the Bond Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, custodian or nominee appointed with due care by it hereunder; and the Bond Trustee shall give prompt written notice to the Rating Agencies of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Bond Indenture; provided, that the Bond Trustee shall not be obligated to give such notice (i) if the Bond Issuer or the Holders have directed the Bond Trustee to appoint such agent, custodian or nominee (in which event the Bond Issuer shall give prompt notice to the Rating Agencies of any such direction) or (ii) of the appointment of any agents, custodians or nominees made at any time that an Event of Default on account of non-payment of principal or interest on the Bonds or insolvency of the Bond Issuer has occurred and is continuing.

(h) the Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee, under this Bond Indenture;

(i) the Bond Trustee shall not be required to expend or risk its own funds in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk is not reasonably assured to it;

(j) the Bond Trustee shall not be personally liable for any action taken or suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Bond Indenture; provided, however, that the Bond Trustee's conduct does not constitute willful misconduct, negligence or bad faith;

(k) in the event that the Bond Trustee is also acting as Paying Agent or Bond Registrar hereunder, the rights and protections afforded to the Bond Trustee pursuant to this Article VI shall also be afforded to such Paying Agent, authenticating agent or Bond Registrar;

(l) the Bond Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer obtains actual knowledge of such event or the Bond Trustee receives written notice of such event from the Bond Issuer, the Servicer or a majority of the Holders of Bonds of the Tranche or Tranches so affected;

(m) without limiting its rights under bankruptcy law, when the Bond Trustee incurs expenses or renders services in connection with the insolvency or bankruptcy of any party hereto or with the Basic Documents to which it is a party such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy or insolvency law;

(n) the Bond Trustee shall not be required to give any bond or surety in respect of the execution of the trust created hereby or the power granted hereunder;

(o) in no event shall the Bond Trustee be liable for special, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Bond Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(p) the right of the Bond Trustee to perform any discretionary act enumerated in this Bond Indenture shall not be construed as a duty, and the Bond Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of any such act;

(q) the Bond Trustee shall have no duty to file any financing statement or continuation statement evidencing a security interest or to maintain any such filing, other than to file continuation statements pursuant to Section 2.14, or to maintain any insurance; and

(r) the Bond Trustee shall have no obligation to supervise the Servicer or act as successor Servicer, and shall not be liable for any default or misconduct of the Servicer.

#### Section 6.03 Individual Rights of Bond Trustee.

The Bond Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Bond Issuer or its affiliates with the same rights it would have if it were not Bond Trustee. Any Paying Agent, Bond Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Bond Trustee must comply with Sections 6.11 and 6.12.

#### Section 6.04 Bond Trustee's Disclaimer.

Except as set forth in Section 6.13, the Bond Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Bond Indenture or the Bonds, it shall not be accountable for the Bond Issuer's use of the proceeds from the Bonds, and it shall not be responsible for any statement of the Bond Issuer in the Bond Indenture or in any document issued

in connection with the sale of the Bonds or in the Bonds other than the Bond Trustee's certificate of authentication. The Bond Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the Collateral, for the validity, priority or perfection of any lien or security interest granted to it hereunder (except to the extent impaired by action or omission constituting negligence or willful misconduct on the part of the Bond Trustee, or for or in respect of the Bonds (other than the certificate of authentication for the Bonds) or the Basic Documents and the Bond Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Bond Indenture. The Bond Trustee shall not be liable for the default or misconduct of the Bond Issuer or the Servicer under the Basic Documents or otherwise, and the Bond Trustee shall have no obligation or liability to perform the obligations of such Persons.

#### Section 6.05 Notice of Defaults.

If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Bond Trustee, the Bond Trustee shall transmit to each Holder of Bonds and to the Rating Agencies notice of the Default within 30 days after actual notice of such Default was received by a Responsible Officer of the Bond Trustee (provided that the Bond Trustee shall give the Rating Agencies prompt written notice of any payment Default in respect of the Bonds). Except in the case of a Default in payment of principal of or interest on any Bond, the Bond Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that prompt notice of the Default is not likely to be material to Holders and the Default is likely to be cured and therefore that withholding the notice is in the interests of Bondholders.

#### Section 6.06 Reports by Bond Trustee to Holders.

(a) So long as the Bond Trustee is the Bond Registrar and Paying Agent, upon the written request of a current or former Bondholder or the Bond Issuer, the Bond Trustee shall deliver to such Bondholder, within the prescribed period of time for tax reporting purposes after the end of each calendar year, such information in its possession as may be required to enable such Holder to prepare its federal and any applicable state or local income tax returns. If the Bond Registrar and Paying Agent is other than the Bond Trustee, such Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its federal income and any applicable state or local tax returns.

(b) On or prior to each Payment Date therefor, the Bond Trustee will provide to each Holder of Bonds on such Payment Date a statement prepared by the Servicer and provided to the Bond Trustee which will include (to the extent applicable) the following information as to the Bonds with respect to such Payment Date or the period since the previous Payment Date, as applicable:

- (i) the amount of the payment to Bondholders allocable to principal;
- (ii) the amount of the payment to Bondholders allocable to interest;

(iii) the Outstanding Amount, before and after giving effect to payments allocated to principal reported under clause (i) above;

(iv) the difference, if any, between the Outstanding Amount and the Projected Principal Balance as of such Payment Date, after giving effect to payments to be made on such Payment Date;

(v) the amount on deposit in the Operating Reserve Subaccount as of the Payment Date;

(vi) the amount on deposit in the Debt Service Reserve Subaccount as of the Payment Date;

(vii) the amount, if any, on deposit in the Excess Funds Subaccount as of the Payment Date;

(viii) the amount paid to the Bond Trustee since the previous Payment Date;

(ix) the amount paid to the Servicer since the previous Payment Date;

(x) the amount paid to the Administrator since the previous Payment Date; and

(xi) any other transfers and payments to be made pursuant to the Bond Indenture since the previous Payment Date.

(c) The Bond Issuer shall send a copy of each Certificate of Compliance delivered to it pursuant to Section 3.06 of the Servicing Agreement and Annual Accountant's Report delivered to it pursuant to Section 3.07 of the Servicing Agreement to the Bond Trustee, the Bondholders and the Rating Agencies and to the Servicer for posting on the 17g-5 Website in accordance with Rule 17g-5 of the Commission.

#### Section 6.07 Compensation and Indemnity.

Subject to Section 8.02(e), the Bond Issuer shall pay to the Bond Trustee from time to time reasonable compensation for its services. The Bond Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

Subject to Section 8.02(e), the Bond Issuer shall reimburse the Bond Trustee for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Bond Trustee's agents, counsel, accountants and experts. Subject to Section 8.02(e), the Bond Issuer shall indemnify, defend and hold harmless the Bond Trustee and any of its affiliates, officials, officers, directors, employees, consultants, counsel and agents (the "Indemnified Persons") from and against any and all losses, claims, actions, suits, taxes, damages, expenses (including, without limitation, reasonable legal fees and expenses) and liabilities (including liabilities under state or

federal securities laws) of any kind and nature whatsoever (collectively, “Expenses”), to the extent that such Expenses arise out of or are imposed upon or asserted against such Indemnified Persons with respect to the creation, administration, operation or termination of this trust and the performance by the Bond Trustee of its duties hereunder, the failure of the Bond Issuer or any other Person (other than the Person being indemnified) to perform its obligations hereunder or under any of the Basic Documents or the Bond Purchase Agreement, or otherwise in connection with the Basic Documents, the Bond Purchase Agreement or the transactions contemplated by any of them; provided, however, that the Bond Issuer is not required to indemnify any Indemnified Person for any Expenses that result from the willful misconduct or negligence of such Indemnified Person. The willful misconduct or negligence of any Bond Trustee shall not affect the rights of any predecessor or successor Bond Trustee hereunder. The Indemnified Person shall notify the Bond Issuer as soon as is reasonably practicable of any claim for which it may seek indemnity. Failure by the Indemnified Person to so notify the Bond Issuer shall not relieve the Bond Issuer of its obligations hereunder. The Bond Issuer shall defend the claim and the Indemnified Person may have separate counsel and the Bond Issuer shall pay the fees and expenses of such counsel. The Bond Issuer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 6.07, (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim, action, suit or proceeding.

The Bond Issuer’s payment obligations to the Bond Trustee pursuant to this Section shall survive the discharge of this Bond Indenture or the earlier resignation or removal of the Bond Trustee. When the Bond Trustee incurs expenses after the occurrence of an Event of Default specified in Section 5.01(d) or

(a) with respect to the Bond Issuer, the expenses are intended to constitute expenses of administration under Title II of the United States Code or any other applicable federal or state bankruptcy, insolvency or similar law.

#### Section 6.08 Replacement of Bond Trustee.

The Bond Trustee may resign at any time by so notifying the Bond Issuer, provided, however, that no such resignation shall be effective until either (a) the Collateral has been completely liquidated and the proceeds of the liquidation distributed to the Bondholders or (b) a successor trustee having the qualifications set forth in Section 6.11 has been designated and has accepted such trusteeship. The Holders of a majority in Outstanding Amount of the Bonds may remove the Bond Trustee by so notifying the Bond Trustee and may appoint a successor Bond Trustee. The Bond Issuer shall remove the Bond Trustee if:

- (a) the Bond Trustee fails to comply with Section 6.11;
- (b) the Bond Trustee is adjudged a bankrupt or insolvent;
- (c) a receiver or other public officer takes charge of the Bond Trustee or its property; or

(d) the Bond Trustee otherwise becomes incapable of acting.

If the Bond Trustee resigns or is removed or if a vacancy exists in the office of Bond Trustee for any reason (the Bond Trustee in such event being referred to herein as the retiring Bond Trustee), the Bond Issuer shall promptly appoint a successor Bond Trustee.

A successor Bond Trustee shall deliver a written acceptance of its appointment to the retiring Bond Trustee and to the Bond Issuer. Thereupon the resignation or removal of the retiring Bond Trustee shall become effective, and the successor Bond Trustee shall have all the rights, powers and duties of the Bond Trustee under this Bond Indenture. The successor Bond Trustee shall mail a notice of its succession to Bondholders and to the Rating Agencies. The retiring Bond Trustee shall promptly transfer all property held by it as Bond Trustee to the successor Bond Trustee.

If a successor Bond Trustee does not take office within sixty (60) days after the retiring Bond Trustee resigns or is removed, the retiring Bond Trustee, the Bond Issuer or the Holders of a majority in Outstanding Amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee.

If the Bond Trustee fails to comply with Section 6.11, any Bondholder may petition any court of competent jurisdiction for the removal of the Bond Trustee and the appointment of a successor Bond Trustee.

Notwithstanding the replacement of the Bond Trustee pursuant to this Section, the Bond Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Bond Trustee.

#### Section 6.09 Successor Bond Trustee by Merger.

If the Bond Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Bond Trustee. The successor Bond Trustee shall mail a notice of its merger, conversion, consolidation or transfer to the Rating Agencies.

In case at the time such successor or successors by merger, conversion, consolidation or transfer to the Bond Trustee shall succeed to the trusts created by this Bond Indenture any of the Bonds shall have been authenticated but not delivered, any such successor to the Bond Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Bonds so authenticated; and in case at that time any of the Bonds shall not have been authenticated, any successor to the Bond Trustee may authenticate such Bonds either in the name of any predecessor hereunder or in the name of the successor to the Bond Trustee; and in all such cases such certificates shall be valid for all purposes hereunder and under the Bonds.

#### Section 6.10 Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Bond Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located or to address divergent or conflicting interests among Holders



of Bonds of separate Tranches of Bonds as a result of variations in terms of the respective underlying Bonds of corresponding Tranches, the Bond Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Bondholders, such title to the Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Bond Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Bondholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08 hereof. Notice of any such appointment shall be promptly given to each Rating Agency by the Bond Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Bond Trustee shall be conferred or imposed upon and exercised or performed by the Bond Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Bond Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Bond Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Bond Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Bond Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Bond Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Bond Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Bond Trustee or separately, as may be provided therein, subject to all the provisions of this Bond Indenture, specifically including every provision of this Bond Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Bond Trustee. Every such instrument shall be filed with the Bond Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Bond Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Bond Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed,

all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Bond Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

#### Section 6.11 Eligibility; Disqualification.

The Bond Trustee shall at all times be a corporation organized and doing business under the laws of the United States or of any State or of the District of Columbia which (i) is authorized under such laws to exercise corporate trust powers, and (ii) is subject to supervision or examination by federal, State or District of Columbia authority. The Bond Trustee shall have a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition and it shall have a long term debt rating of at least “A” (or the equivalent thereof) or better by the Rating Agencies.

#### Section 6.12 Representations and Warranties of Bond Trustee.

The Bond Trustee hereby represents and warrants that:

- (a) the Bond Trustee is a New York banking corporation validly existing in good standing under the laws of the State of New York; and
- (b) the Bond Trustee has full power, authority and legal right to execute, deliver and perform this Bond Indenture and the Basic Documents to which the Bond Trustee is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Bond Indenture and such Basic Documents.

#### Section 6.13 The Paying Agents.

- (a) Each Paying Agent other than the Bond Trustee shall execute and deliver to the Bond Trustee an instrument in which such Paying Agent shall agree with the Bond Trustee (and if the Bond Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 6.13, that such Paying Agent will:
  - (i) hold all sums held by it for the payment of amounts due with respect to the Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;
  - (ii) give the Bond Trustee written notice of any Default by the Bond Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Bonds;
  - (iii) at any time during the continuance of any such Default, upon the written request of the Bond Trustee, forthwith pay to the Bond Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Bond Trustee all sums held by it in trust for the payment of Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination;

(v) comply with all requirements of the Code and other tax laws with respect to the withholding from any payments made by it on any Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith; and

(vi) keep such books and records as shall be consistent with prudent corporate trust industry practice and to make such books and records available for inspection by the Bond Issuer and the Bond Trustee at all reasonable times.

(b) The Paying Agent shall be a corporation or association duly organized under the laws of the United States of America or any state or territory thereof, or a bank or trust company having a combined capital stock, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Indenture. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Indenture by giving at least 60 days' notice to the Bond Issuer and the Bond Trustee. In the event that the Bond Issuer shall fail to appoint a successor Paying Agent, upon the resignation or removal of the Paying Agent, the Bond Trustee shall either appoint a Paying Agent or itself act as Paying Agent until the appointment of a successor Paying Agent. Any successor Paying Agent shall have a long term debt rating of at least "A" by the Rating Agencies. The Paying Agent may be removed at any time by an instrument signed by the Bond Issuer filed with the Bond Trustee.

(c) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any Bonds and money held by it in such capacity to its successor or, if there is no successor, to the Bond Trustee.

#### Section 6.14 Custody of Collateral.

The Bond Trustee shall hold such of the Collateral (and any other collateral that may be granted to the Bond Trustee) as consists of instruments, deposit accounts, securities accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York. The Bond Trustee shall hold such of the Collateral as constitutes investment property through the Securities Intermediary (which, as of the date hereof, is The Bank of New York Mellon). The initial Securities Intermediary hereby agrees (and each future Securities Intermediary shall agree) with the Bond Trustee that (a) such investment property shall at all times be credited to a securities account of the Bond Trustee, (b) the Securities Intermediary shall treat the Bond Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property credited to such securities account shall be treated as a financial asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Bond Trustee without the further consent of any other Person, (e) the Securities Intermediary will not agree with any Person other than the Bond Trustee to comply with entitlement orders originated by such other Person, (f) such securities accounts and the property credited thereto shall not be subject to any Lien or right of set-off in favor of the Securities Intermediary or anyone

claiming through it (other than the Bond Trustee), and (g) such securities accounts shall be governed by the internal laws of the State of New York. Terms used in the preceding sentence that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC. Except as permitted by this Section 6.14, or elsewhere in this Bond Indenture, the Bond Trustee shall not hold Collateral through an agent or a nominee.

## **ARTICLE VII**

### **THE BONDHOLDERS**

#### **Section 7.01 Acts of Bondholders; Evidence of Ownership.**

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Bond Indenture to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Bond Trustee, and, where it is hereby expressly required, to the Bond Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Bondholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Bond Indenture and (subject to Section 6.01) conclusive in favor of the Bond Trustee and the Bond Issuer, if made in the manner provided in this Section 7.01.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved in any manner that the Bond Trustee deems sufficient.

(c) The ownership of Bonds shall be proved by the Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Bonds shall bind the Holder of every Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Bond Trustee or the Bond Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

#### **Section 7.02 Notice to Bondholders.**

Where this Bond Indenture provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Bondholder affected by such event, at such Bondholder’s address as it appears on the Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Bondholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Bondholder shall affect the sufficiency of such notice with respect to other Bondholders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Bond Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Bond Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of Bondholders when such notice is required to be given pursuant to any provision of this Bond Indenture, then any manner of giving such notice as shall be satisfactory to the Bond Trustee shall be deemed to be a sufficient giving of such notice.

Where this Bond Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

#### Section 7.03 Bond Issuer to Furnish Bond Trustee Names and Addresses of Bondholders.

Unless the Bond Trustee is the Bond Registrar, the Bond Issuer shall furnish or cause to be furnished to the Bond Trustee (a) not more than five (5) days after the earlier of (i) each Record Date and (ii) six (6) months after the last Record Date, a list, in such form as the Bond Trustee may reasonably require, of the names and addresses of the Holders as of such Record Date, and (b) at such other times as the Bond Trustee may request in writing, within 30 days after receipt by the Bond Issuer of any such request, a list of similar form and content as of a date not more than 10 days prior to the time such list is furnished. The Bond Trustee shall be the initial Bond Registrar hereunder.

#### Section 7.04 Preservation of Information; Communications to Bondholders.

(a) The Bond Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Bond Trustee as provided in Section 7.03 and the names and addresses of Holders received by the Bond Trustee in its capacity as Bond Registrar. The Bond Trustee may destroy any list furnished to it as provided in such Section 7.03 upon receipt of a new list so furnished.

(b) Upon the written request of any Holder or group of Holders, each of whom has held its Bond for at least six (6) months, the Bond Trustee shall afford the Holder or Holders making such request a copy of a current list of Holders of the Bonds, for purposes of communicating with other Holders with respect to their rights hereunder. The Bond Trustee may elect not to afford the requesting Holders access to the list of Holders of the Bonds if it agrees to mail the desired communication or proxy, on behalf and at the expense of the requesting Holders, to all Holders of the Bonds.

#### Section 7.05 Provisions of Servicer Reports.

Upon the written request of any Bondholder or any Rating Agency to the Bond Trustee addressed to the Corporate Trust Office, the Bond Registrar, or in its absence or failure the Paying Agent, shall provide such requesting party, the Bond Trustee and the Paying Agent or Bond

Registrar, as applicable, with a copy of any Semiannual Servicer Certificate, Annual Accountant's Report and any other report of the Servicer referred to in the Servicing Agreement.

## **ARTICLE VIII**

### **ACCOUNTS, DISBURSEMENTS AND RELEASES**

#### **Section 8.01 Collection of Money.**

Except as otherwise expressly provided herein, the Bond Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Bond Trustee pursuant to this Bond Indenture and the other Basic Documents. The Bond Trustee shall apply all such money received by it as provided in this Bond Indenture. Except as otherwise expressly provided in this Bond Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Collateral, the Bond Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to assert a Default or Event of Default under this Bond Indenture and any right to proceed thereafter as provided in Article V.

#### **Section 8.02 Collection Account.**

(a) (i) Prior to the Issuance Date, the Bond Trustee shall establish or cause to be established at the Bond Trustee's Corporate Trust Office, or at another Eligible Institution, one or more segregated trust accounts in the Bond Trustee's name for the deposit of Restructuring Property and other amounts remitted under the Servicing Agreement or otherwise received with respect to the Collateral (collectively, the "Collection Account"). The Bond Trustee shall hold the Collection Account for the benefit of Bondholders, the Bond Trustee and the other Persons indemnified hereunder. The Collection Account will consist of four Subaccounts: a general subaccount (the "General Subaccount"), an excess funds subaccount (the "Excess Funds Subaccount"), a reserve subaccount (the "Reserve Subaccount"), a Financing Costs subaccount (the "Upfront Financing Costs Subaccount"). The Reserve Subaccount shall consist of two subaccounts, an operating reserve subaccount (the "Operating Reserve Subaccount") and a debt service reserve subaccount (the "Debt Service Reserve Subaccount"). For administrative purposes, the Subaccounts, including, without limitation, the Subaccounts within the Reserve Subaccount, may be established by the Bond Trustee as separate accounts. All references to the Collection Account shall be deemed to include reference to all Subaccounts.

(ii) Concurrently with the issuance of the Bonds, there shall be deposited into the Operating Reserve Subaccount moneys provided by the Authority in an amount equal to the Required Operating Reserve Level and into the Upfront Financing Costs Subaccount proceeds of the Bonds expected to be used for Upfront Financing Costs as provided in the Issuance Advice Letter. Concurrently with the issuance of the Bonds, there shall also be deposited into the Debt Service Reserve Subaccount proceeds of the Bonds in an amount equal to the Required Debt Service Reserve Level. All amounts in the Collection Account not allocated

to any other Subaccount shall be allocated to the General Subaccount. Prior to the initial Payment Date, all amounts in the Collection Account (other than funds deposited into the Operating Reserve Subaccount, up to the Required Operating Reserve Level, in the Debt Service Reserve Subaccount, up to the Required Debt Service Reserve Level, and in the Upfront Financing Costs Subaccount, up to the amount initially deposited therein) shall be allocated to the General Subaccount. Withdrawals from and deposits to each of the Subaccounts shall be made as set forth in this Section 8.02.

(iii) The Collection Account shall at all times be maintained in an Eligible Account and only the Bond Trustee shall have access to the Collection Account for the purpose of making deposits in and withdrawals from the Collection Account in accordance with this Bond Indenture. Funds in the Collection Account shall not be commingled with any other moneys. Except as provided in Section 8.03, all moneys deposited from time to time in the Collection Account, all deposits therein pursuant to this Bond Indenture, and all investments made in Eligible Investments with such moneys, including all income or other gain from such investments, shall be held by the Bond Trustee in the Collection Account as part of the Collateral as herein provided.

(iv) The Lien of this Bond Indenture is pursuant to, in accordance with and governed by subdivision 2 of Section 7 of the LIPA Reform Act. The following provisions of this paragraph are included only to the extent Article 8 of the UCC is deemed to apply to any part of the Trust Estate, in addition to, and not as a qualification or limitation of, the preceding sentence. The Securities Intermediary hereby confirms that (A) the Collection Account is, or at inception will be established as, a “securities account” as such term is defined in Section 8-501(a) of the UCC, (B) it is a “securities intermediary” (as such term is defined in Section 8-102(a) (14) of the UCC) and is acting in such capacity with respect to such accounts, and (C) the Bond Trustee for the benefit of the Bondholders is the sole “entitlement holder” (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to such accounts and no other Person shall have the right to give “entitlement orders” (as such term is defined in Section 8-102(a)(8)) with respect to such accounts, and agrees that each item of property (whether investment property, financial asset, security, instrument or cash) received by it will be credited to the Collection Account and shall be treated by it as a “financial asset” within the meaning of Section 8-102(a)(9) of the UCC. Notwithstanding anything to the contrary, New York State shall be deemed to be the jurisdiction of the Securities Intermediary for purposes of Section 8-110 of the UCC, and the Collection Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

(b) The Bond Trustee shall have sole dominion and exclusive control over all moneys in the Collection Account and shall apply such amounts therein as provided in this Section 8.02.

(c) All remittances to the Bond Trustee as provided in Sections 3.03 and 5.11 and Annex 2 of the Servicing Agreement shall be deposited in the General Subaccount. All deposits to and withdrawals from the Collection Account and all allocations to the Subaccounts of the Collection Account shall be made by the Bond Trustee in accordance with the written instructions provided by the Servicer in the Semiannual Servicer Certificate or as otherwise provided herein. To the extent that the Bond Trustee shall receive from the Servicer or the Allocation Agent an amount not constituting Collateral, other than as Excess Remittances to be repaid as contemplated by the last paragraph of Section 8.02(e) below, the Bond Trustee shall promptly notify the Bond Issuer, the Authority, the Allocation Agent and the Servicer and remit such amount to or upon the order of the Authority and thereupon notify the Authority of such remittance.

(d) On any Business Day upon which the Bond Trustee receives a written request from the Administrator stating that any Operating Expense payable by the Bond Issuer (but only as described in clauses (i) through (iv) of Section 8.02(e) below) will become due and payable prior to the next succeeding Payment Date, and setting forth the amount and nature of such Operating Expenses, as well as any supporting documentation that the Bond Trustee may reasonably request, the Bond Trustee, upon receipt of such information, will make payment of such Operating Expenses on or before the date such payment is due from amounts on deposit in the General Subaccount, the Excess Funds Subaccount and the Operating Reserve Subaccount, in that order and only to the extent required to make such payment. In no event shall amounts on deposit in the Debt Service Reserve Subaccount be applied to pay Operating Expenses or to any purpose other than the payment of amounts payable under clauses (v) through (vii) of Section 8.02(e) below.

(e) On each Payment Date, or for any amount payable under clauses (i) through (iv) below on any Business Day pursuant to Section 8.02(d), the Bond Trustee shall apply, at the direction of the Servicer, all amounts on deposit in the Collection Account (other than amounts on deposit in the Debt Service Reserve Subaccount which shall be applied solely to amounts payable under clauses (v) through (vii) below), including all earnings thereon, to allocate or pay the following amounts, in accordance with the Semiannual Servicer Certificate, in the following priority:

(i) all fees, costs, expenses (including legal fees and expenses) and, to the extent not in excess of \$800,000 in each calendar year, indemnity amounts owed by the Bond Issuer to the Bond Trustee under the applicable Basic Documents shall be paid to the Bond Trustee; provided, however, that in the event of an Event of Default the provisions of Sections 5.02(a)(ii), 5.13 and 6.01(g) shall apply;

(ii) the Servicing Fee for such Payment Date, and all unpaid Servicing Fees from prior Payment Dates, to the extent of Servicing Fees not in excess of 0.60% of the aggregate initial principal amount of the Bonds in each calendar year shall be paid to the Servicer;

(iii) the Administration Fee and all unpaid Administration Fees from prior Payment Dates shall be paid to the Administrator;



(iv) the payment of all other Operating Expenses (other than as provided by clauses (viii) and (ix) below) for such Payment Date shall be paid to the Persons entitled thereto;

(v) (A) first, any overdue interest (together with, to the extent lawful, interest on such overdue interest at the applicable Bond Interest Rate) and (B) second, interest for such Payment Date shall be paid to the Bondholders;

(vi) principal due and payable on the Bonds as a result of an Event of Default (assuming the Bonds have been declared immediately due and payable) or on the Final Maturity Date of a Tranche of the Bonds shall be paid to the Bondholders;

(vii) principal for such Payment Date shall be paid to the Bondholders in accordance with the priorities of Section 2.02(c);

(viii) indemnity amounts owed by the Bond Issuer to the Bond Trustee under the applicable Basic Documents, to the extent in excess of \$800,000 in each calendar year, shall be paid to the Bond Trustee and premiums for directors' and officers' liability insurance for trustees and officers of the Bond Issuer shall be paid to the provider of such insurance or, if such premium is paid by the Administrator pursuant to Section 1.03(a) of the Administration Agreement, the amount of such premium shall be paid to the Administrator in reimbursement thereof;

(ix) the Servicing Fee for such Payment Date, and all unpaid Servicing Fees from prior Payment Dates, to the extent of Servicing Fees in excess of 0.60% of the aggregate initial principal amount of the Bonds in each calendar year shall be paid to the Servicer;

(x) the amount, if any, by which the Required Debt Service Reserve Level exceeds the amount in the Debt Service Reserve Subaccount as of such Payment Date shall be paid or allocated to the Debt Service Reserve Subaccount;

(xi) the amount, if any, by which the Required Operating Reserve Level exceeds the amount in the Operating Reserve Subaccount as of such Payment Date shall be paid or allocated to the Operating Reserve Subaccount;

(xii) the amount, if any, by which the amount in the Debt Service Reserve Subaccount exceeds the Required Debt Service Reserve Level on any Payment Date shall be retained in the Debt Service Reserve Subaccount until the next Payment Date, at which time such excess amount in the Debt Service Reserve Subaccount shall be applied to the payment of amounts then due under clauses (v) through (vii) above prior to any other moneys available for such purpose and, to the extent that such excess amount exceeds amounts then due under such clause on such next Payment Date, such excess amount shall continue to be held in the Debt Service Reserve Subaccount and shall be applied under such clauses (v) through (vii) prior to any other moneys available for such purpose on succeeding Payment Dates until fully applied; and

(xiii) the balance, if any, shall be paid or allocated to the Excess Funds Subaccount for distribution on subsequent Payment Dates.

The entire amount on deposit in the Debt Service Reserve Subaccount shall be used to the extent practicable to make all or a portion of the last remaining payments contemplated by clauses (v), (vi) and (vii) above and the entire amount on deposit in the Excess Funds Subaccount shall be used to the extent practical to make all or a portion of the last remaining payments contemplated by clause (v), (vi) and (vii) above and any unpaid Operating Expenses, then the balance, if any, in the Excess Funds Subaccount shall be paid to the Bond Issuer, free from the Lien of this Bond Indenture and shall be applied by the Bond Issuer to customer refunds in accordance with the Financing Order. When no Bonds remain Outstanding and all Ongoing Financing Costs (including any rebate or other amounts payable to the United States of America under Section 148 of the Code) have been paid, or their payment provided for, in full, then the balance, if any, in the Collection Account (including all Subaccounts therein) shall be deposited in the Operating Reserve Subaccount and paid to or at the direction of the Bond Issuer and applied to customer refunds in accordance with the Financing Order.

All partial payments of interest pursuant to clause (v) shall be allocated among each Tranche of Bonds *pro rata* based upon the respective amounts of interest owed on the Bonds of each Tranche, and allocated and paid to Holders within each Tranche *pro rata* based upon the respective principal amount of Bonds held. All partial payments of principal pursuant to clause (vi) shall be made to such Holders *pro rata* based on the respective principal amounts of Bonds held by such Holders. All payments of principal or Redemption Price pursuant to clause (vii) above with respect to each Tranche shall be made to the Holders of the Tranche then entitled to payment, based upon, in the case of Serial Bonds, the Outstanding Amount of such Bonds and, in the case of Term Bonds, the Scheduled Sinking Fund Payment of such Bonds, all in accordance with the priorities of Section 2.02(c).

Amounts on deposit in the General Subaccount or the Excess Funds Subaccount if necessary shall be applied, at the direction of the Authority, to pay Excess Remittances to the Servicer pursuant to Section 3.03(c) of the Servicing Agreement.

(f) If on any Payment Date, or for any amounts payable under clauses (i) through (iv) above, on any Business Day, funds on deposit in the General Subaccount are insufficient to make the payments contemplated by clauses (i) through (ix) of Section 8.02(e), the Bond Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount and (ii) second, draw from amounts on deposit in the Operating Reserve Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by clauses (i) through (ix) of Section 8.02(e). In addition, if on any Payment Date, funds on deposit in the General Subaccount, together with moneys available in the Excess Funds Subaccount and the Operating Reserve Subaccount, are insufficient to make the payments contemplated by clauses (v) through (vii) of Section 8.02(e), the Bond Trustee shall then draw from amounts on deposit in the Debt Service Reserve Subaccount, up to the amount of such shortfall in order to make the payments contemplated by such clauses (v) through (vii) of Section 8.02(e). In addition, if on any Payment Date funds on deposit in the General Subaccount are insufficient to make the allocation contemplated by clause (x) of Section 8.02(e), the Bond Trustee shall draw from amounts on deposit in the Excess Funds Subaccount to make such allocation. If on any Payment Date funds

on deposit in the Collection Account are insufficient to make the transfers contemplated by clause (v), (vi) or (vii) of Section 8.02(e), the Bond Trustee will allocate the funds drawn pursuant to the first and second sentences of this paragraph among the Tranches pro rata as provided in Section 8.02(e).

(g) In the event any Bonds are retired (whether by purchase, redemption, repayment or defeasance, or any combination of the foregoing), amounts may be withdrawn from the Collection Account to pay or provide for the payment of such Bonds as follows:

(i) From the Operating Reserve Subaccount; provided, that immediately after such withdrawal, there shall remain on deposit in the Operating Reserve Subaccount an amount of moneys and Eligible Investments at least equal in the aggregate to the Required Operating Reserve Level then applicable to the Bonds;

(ii) From the Debt Service Reserve Subaccount; provided, that immediately after such withdrawal, there shall remain on deposit in the Debt Service Reserve Subaccount an amount of moneys and Eligible Investments at least equal in the aggregate to the Required Debt Service Reserve Level then applicable to the Bonds; and

(iii) From the General Subaccount and the Excess Funds Subaccount, the portion of the amounts on deposit therein allocable to such Bonds.

(h) Eligible Investments shall, for purposes of determining the amount on deposit in any Subaccount, be valued at par or maturity value.

### Section 8.03 General Provisions Regarding the Collection Account.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account shall be invested in Eligible Investments and reinvested by the Bond Trustee at the written direction provided by or on behalf of the Bond Issuer, upon Issuer Order; provided, however, that (i) such Eligible Investments shall mature or be redeemable at the option of the holder on or prior to the Business Day next preceding the next Payment Date or, if applicable, special payment date pursuant to Section 2.08(c), and (ii) such Eligible Investment shall not be sold, liquidated or otherwise disposed of at a loss prior to the maturity or redemption date thereof. All income or other gain from investments of moneys deposited in the Collection Account shall be deposited by the Bond Trustee in the Collection Account, and any loss resulting from such investments shall be charged to the Collection Account. The Bond Issuer will not direct the Bond Trustee to make any investment of any funds or to sell any investment held in the Collection Account unless the security interest Granted and perfected in such Collection Account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any Person, and, in connection with any direction to the Bond Trustee to make any such investment or sale, if requested by the Bond Trustee, the Bond Issuer shall deliver to the Bond Trustee an Opinion of Counsel, reasonably acceptable to the Bond Trustee, to such effect. The Bond Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or date of redemption the failure of the Bond Issuer to provide timely written investment direction.

The Bond Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order. If the rating of the Eligible Institution, which may be the Bond Trustee's Corporate Trust Office, falls below the rating requirements set forth in clause (b) of the definition of Eligible Institution, the Bond Issuer shall, within one (1) month after notice of such rating change, cause the Collection Account to be transferred to an institution meeting the requirements set forth in clause (b) of the definition of "Eligible Institution."

(b) Subject to Section 6.01(c), the Bond Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Bond Trustee's failure to make payments on such Eligible Investments issued by the Bond Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Bond Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Bond Trustee by 11:00 am. Eastern Time (or such other time as may be agreed by the Bond Issuer and Bond Trustee) on any Business Day or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Bonds but the Bonds shall not have been declared immediately due and payable pursuant to Section 5.02, then the Bond Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Collection Account in one or more money market funds (described in clause (d) of the definition of "Eligible Investments") specified in the most recent investment directions delivered by the Bond Issuer to the Bond Trustee with respect to such type of Eligible Investments; provided, however, that such investments shall mature (i) on or before the Business Day preceding the next Payment Date or, if and when established, any special payment date pursuant to Section 2.08(c), and (ii) in the case of investments in the Excess Funds Subaccount after June 15, which mature on or before the Business Day preceding the next June 30 (or such earlier date(s) as the Servicer shall specify to the Bond Trustee in writing) to permit Excess Remittances to be paid pursuant to Section 3.03(c) of the Servicing Agreement; and provided further, however, that if the Bond Issuer has never delivered written investment directions to the Bond Trustee, the Bond Trustee shall not invest or reinvest such funds in any investments.

#### Section 8.04 Release of Collateral.

(a) So long as the Bond Issuer is not in default hereunder and no Default hereunder would occur as a result of such action, the Bond Issuer, through the Servicer, may collect, sell or otherwise dispose of written-off receivables, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Bond Trustee or the Holders, but only as and to the extent permitted by the Basic Documents. All proceeds of such dispositions that are allocable to Charges shall become Collateral and be deposited to the General Subaccount pursuant to the Servicing Agreement. Without limiting the foregoing, the Bond Issuer, through the Servicer, may at any time and from time to time without any notice to, or release or consent by, the Bond Trustee or the Holders, sell or otherwise dispose of any Collateral which is part of a utility bill previously written-off as a defaulted or uncollectible account in accordance with the Servicing Agreement and the requirements of the immediately preceding sentence.

(b) The Bond Trustee may, and when required by the provisions of this Bond Indenture shall, execute instruments to release property from the Lien of this Bond Indenture, or convey the Bond Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Bond Indenture. No party relying upon an instrument executed by the Bond Trustee as provided in this Article VIII shall be bound to ascertain the Bond Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(c) The Bond Trustee shall, at such time as there are no Bonds Outstanding and all sums payable by the Bond Issuer to the Bond Trustee under this Bond Indenture have been paid, release any remaining portion of the Collateral that secured the Bonds from the Lien of this Bond Indenture and release to the Bond Issuer or any other Person entitled thereto any funds then on deposit in the Collection Account. The Bond Trustee shall release property from the Lien of this Bond Indenture pursuant to this Section 8.04(c) only upon receipt of an Issuer Request accompanied by an Officer's Certificate and an Opinion of Counsel.

#### Section 8.05 Opinion of Counsel.

The Bond Trustee shall receive at least seven (7) days' notice when requested by the Bond Issuer to take any action pursuant to Section 8.04(b), accompanied by copies of any instruments involved, and the Bond Trustee shall also require, as a condition to such action, an Opinion of Counsel, in form and substance reasonably satisfactory to the Bond Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Bonds or the rights of the Bondholders in contravention of the provisions of this Bond Indenture; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Bond Trustee in connection with any such action.

#### Section 8.06 Reports by Independent Registered Accountants.

As of the Issuance Date, the Bond Issuer shall appoint a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Bond Indenture. Upon any resignation by such firm the Bond Issuer shall provide written notice thereof to the Bond Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation. If the Bond Issuer shall fail to appoint a successor to a firm of Independent registered public accountants that has resigned within fifteen (15) days after such resignation, the Bond Trustee shall promptly notify the Bond Issuer of such failure in writing. If the Bond Issuer shall not have appointed a successor within ten (10) days thereafter the Bond Trustee shall promptly appoint a successor firm of Independent registered public accountants of recognized national reputation; provided, however, that the Bond Trustee shall have no liability with respect to such appointment if the Bond Trustee acted with due care with respect thereto. The fees of such Independent registered public accountants and its successor shall be payable by the Bond Issuer.

## **ARTICLE IX**

### **SUPPLEMENTAL BOND INDENTURES**

#### **Section 9.01 Supplemental Bond Indentures Without Consent of Bondholders.**

(a) Without the consent of the Holders of any Bonds but with prior notice to the Rating Agencies, the Bond Issuer and the Bond Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form reasonably satisfactory to the Bond Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property, including without limitation the Collateral, at any time subject to the Lien of this Bond Indenture, or better to assure, convey and confirm unto the Bond Trustee any property subject or required to be subjected to the Lien of this Bond Indenture, or to subject to the Lien of this Bond Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Bond Issuer, and the assumption by any such successor of the covenants of the Bond Issuer herein and in the Bonds contained;

(iii) to add to the covenants of the Bond Issuer, for the benefit of the Holders of the Bonds, or to surrender any right or power herein conferred upon the Bond Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Bond Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental bond indenture which may be inconsistent with any other provision herein or in any supplemental bond indenture or to make any other provisions with respect to matters or questions arising under this Bond Indenture or in any supplemental bond indenture; provided, however, that such action shall not adversely affect the interests of the Holders of the Bonds;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Bonds and to add to or change any of the provisions of this Bond Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI; or

(vii) to modify, eliminate or add to the provisions of this Bond Indenture to such extent as shall be necessary to effect the qualification of this Bond Indenture under the Trust Indenture Act or under any similar federal statute hereafter enacted and to add to this Bond Indenture such other provisions as may be expressly required by the Trust Indenture Act.

(viii) to qualify the Bonds of any Tranche for listing on a securities exchange or registration with a Clearing Agency; or

(ix) to satisfy any Rating Agency requirements or criteria or to maintain, or improve upon, the existing ratings on the Bonds.

The Bond Trustee is hereby authorized to join in the execution of any such supplemental bond indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Bond Issuer and the Bond Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders of the Bonds, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Bond Indenture or of modifying in any manner the rights of the Holders of the Bonds under this Bond Indenture; provided, however, that (i) such action shall not, as evidenced by an Officer's Certificate, adversely affect in any material respect the interests of the Bondholders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto.

#### Section 9.02 Supplemental Bond Indentures with Consent of Bondholders.

The Bond Issuer and the Bond Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agencies and with the consent of the Holders of not less than a majority of the Outstanding Amount of the Bonds of each Tranche to be affected, by Act of such Holders delivered to the Bond Issuer and the Bond Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Bond Indenture or of modifying in any manner the rights of the Holders of the Bonds under this Bond Indenture; provided, however, that no such supplemental bond indenture shall, without the consent of the Holder of each Outstanding Bond of each Tranche affected thereby:

(i) change the date of payment of any installment of principal of or interest on any Bond, or reduce the principal amount thereof or the interest rate thereon, change the provisions of this Bond Indenture relating to the application of collections on, or the proceeds of the sale of, the Collateral to payment of principal of or interest on the Bonds, or change any place of payment where, or the coin or currency in which, any Bond or the interest thereon is payable, or impair the right to institute suit for the enforcement of the provisions of this Bond Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Bonds on or after the respective due dates thereof;

(ii) reduce the percentage of the Outstanding Amount of the Bonds or of a Tranche thereof, the consent of the Holders of which is required for any such supplemental bond indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Bond Indenture or certain defaults hereunder and their consequences provided for in this Bond Indenture;

(iii) modify or alter the provisions of the proviso to the definition of the term “Outstanding”;

(iv) reduce the percentage of the Outstanding Amount of the Bonds required to direct the Bond Trustee to direct the Bond Issuer to sell or liquidate the Collateral pursuant to Section 5.04;

(v) modify any provision of this Section 9.02 except to increase any percentage specified herein or to provide that certain additional provisions of this Bond Indenture or the other Basic Documents cannot be modified or waived without the consent of the Holder of each Outstanding Bond affected thereby;

(vi) modify any of the provisions of this Bond Indenture in such manner as to affect the calculation of the amount of any payment of interest or principal due on any Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedules, Expected Sinking Fund Schedule or Final Maturity Dates of any Tranche of Bonds;

(vii) decrease the Required Operating Reserve Level or the Required Debt Service Reserve Level;

(viii) modify the provisions of this Bond Indenture regarding the voting of the Bonds held by the Bond Issuer, the Servicer or any Affiliate of any of the foregoing Persons;

(ix) decrease the percentage of the aggregate principal amount of Bonds or affected Tranche required to amend the sections of this Bond Indenture which specify applicable percentages of the aggregate principal amount of the Bonds necessary to amend any Basic Document;

(x) cause a violation of Section 3.14; or

(xi) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Bond Indenture with respect to any part of the Collateral, other than as contemplated by Section 2.17, or, except as otherwise permitted or contemplated herein, terminate the Lien of this Bond Indenture on any property at any time subject hereto or deprive the Holder of any Bond of the security provided by the Lien of this Bond Indenture.

The Bond Trustee may in its discretion determine whether or not any Bonds of a Tranche would be affected by any supplemental bond indenture and any such determination shall be conclusive upon the Holders of all Bonds of such Tranche, whether theretofore or thereafter authenticated and delivered hereunder. The Bond Trustee shall not be liable for any such determination made in good faith.



It shall not be necessary for any Act of Bondholders under this Section 9.02 to approve the particular form of any proposed supplemental bond indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Bond Issuer and the Bond Trustee of any supplemental bond indenture pursuant to this Section 9.02, the Bond Issuer shall send or cause to be sent to the Rating Agencies and the Holders of the Bonds to which such amendment or supplemental bond indenture relates either a copy of such supplemental bond indenture or a notice setting forth in general terms the substance of such supplemental bond indenture. Any failure of the Bond Trustee to send such copy or notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental bond indenture.

#### Section 9.03 Execution of Supplemental Bond Indentures.

In executing any supplemental bond indenture permitted by this Article IX or the modifications thereby of the trusts created by this Bond Indenture, the Bond Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental bond indenture is authorized or permitted by this Bond Indenture. The Bond Trustee may, but shall not be obligated to, enter into any such supplemental bond indenture that affects the Bond Trustee's own rights, duties, liabilities or immunities under this Bond Indenture or otherwise.

Any supplemental bond indenture shall be accompanied by an Opinion of Counsel to the effect that it does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

#### Section 9.04 Effect of Supplemental Bond Indenture.

Upon the execution of any supplemental bond indenture pursuant to the provisions hereof, this Bond Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to each Tranche of Bonds affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Bond Indenture of the Bond Trustee, the Bond Issuer and the Holders of the Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental bond indenture shall be and be deemed to be part of the terms and conditions of this Bond Indenture for any and all purposes. If required by the Bond Trustee, Bonds may bear a notation in form approved by the Bond Trustee as to any matter provided for in such supplemental bond indenture. If the Bond Issuer or the Bond Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Bond Trustee and the Bond Issuer, to any such supplemental bond indenture may be prepared and executed by the Bond Issuer and authenticated and delivered by the Bond Trustee in exchange for Outstanding Bonds.

## **ARTICLE X**

### **REDEMPTION OF BONDS**

#### **Section 10.01 Redemption by Bond Issuer.**

This Bond Indenture does not permit redemption of Bonds prior to maturity under any circumstances, except as required by Section 2.02(e) and as permitted by 2.02(f), and in each case pursuant to this Article X.

#### **Section 10.02 Privilege of Redemption and Redemption Price.**

Bonds of a Tranche subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article X, at the times and at the Redemption Prices specified in Section 2.02(e) and Section 2.02(f).

#### **Section 10.03 Redemption at the Direction of the Bond Issuer.**

In the case of any redemption of Bonds at the direction of the Bond Issuer, the Bond Issuer shall give written notice to the Bond Trustee of its direction so to redeem, of the redemption date, of the Tranche and of the principal amounts of the Bonds of each maturity of such Tranche and of the Bonds of each interest rate within a maturity to be redeemed (which Tranche, maturities and principal amounts thereof to be redeemed shall be determined by the Bond Issuer in its sole discretion, subject to any limitations with respect thereto contained in this Bond Indenture). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Bond Trustee. In the event notice of redemption shall have been provided pursuant to Section 10.06, there shall be paid prior to the redemption date to the appropriate Paying Agent an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Bond Issuer shall promptly notify the Bond Trustee in writing of all such payments by it to a Paying Agent other than the Bond Trustee.

#### **Section 10.04 Redemption Otherwise Than at the Bond Issuer's Direction.**

Whenever by the terms of this Bond Indenture the Bond Trustee is required or authorized to redeem Bonds otherwise than at the direction of the Bond Issuer, the Bond Trustee shall (i) select the Bonds to be redeemed, (ii) give the notice of redemption for and on behalf of and at the expense of the Bond Issuer, and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article X.

#### **Section 10.05 Selection of Bonds to be Redeemed.**

If fewer than all of the Bonds of like Tranche shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Bond Trustee in such manner as the Bond Trustee in its discretion may deem fair and appropriate; provided, however, that for any Bond of a denomination of more than the Minimum Denomination, the

portion of such Bond to be redeemed shall be in a principal amount equal to such Minimum Denomination, and that, in selecting portions of such Bonds for redemption, the Bond Trustee shall treat each such Bond as representing that number of Bonds of such Minimum Denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of such Minimum Denomination.

#### Section 10.06 Notice of Redemption.

(a) When the Bond Trustee shall receive notice from the Bond Issuer of its election or direction to redeem Bonds pursuant to Section 10.03, and when redemption of Bonds is authorized or required pursuant to Section 10.04, the Bond Trustee shall give notice, in the name of, on behalf of and at the expense of the Bond Issuer, of the redemption of such Bonds, which notice shall specify the Series, CUSIP number, if any, maturities and interest rates within maturities, if any, of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds of any like Tranche, maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, subject to Section 10.06(b) below. Such notice shall be mailed by the Bond Trustee, postage prepaid, not less than 30 days before the redemption date, to the Registered Holders of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the Bond Register, subject to Section 2.16(b), and also promptly shall be given to the Rating Agencies.

(b) Any notice of optional redemption of Bonds may state that it is conditional in whole or in part upon receipt by the Bond Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Bond Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

(c) Failure of the Registered Holder of any Bond which is to be redeemed to receive any notice given pursuant to subsection (a) or (b) of this Section 10.06 shall not affect the sufficiency or validity of the proceedings contemplated thereby.

#### Section 10.07 Payment of Redeemed Bonds.

Notice having been given in the manner provided in Section 10.06, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and,

if presentation and surrender thereof are required hereby, upon presentation and surrender thereof at the office specified in such notice, such Bonds or portions thereof shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, if presentation and surrender thereof are required hereby, the Bond Issuer shall execute and the Bond Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, at the option of the owner thereof, Bonds of like Tranche, maturity and interest rate in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Tranche, maturity, or of like interest rate within a maturity, to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## **ARTICLE XI**

### **MISCELLANEOUS**

#### **Section 11.01 Form of Documents Delivered to Bond Trustee.**

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Authorized Officer of the Bond Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Seller, the Bond Issuer or the Administrator, stating that the information with respect to such factual matters is in the possession of the Servicer, the Seller, the Bond Issuer or the Administrator, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever in this Bond Indenture, in connection with any application or certificate or report to the Bond Trustee, it is provided that the Bond Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Bond Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions

stated in such document shall in such case be conditions precedent to the right of the Bond Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Bond Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Bond Indenture, they may, but need not, be consolidated and form one instrument.

#### Section 11.02 Notices.

(a) Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Bond Indenture shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States mail, courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered, or if mailed, three (3) days after deposit in the United States mail with proper postage for ordinary mail prepaid,

if to the Bond Issuer, to:

Utility Debt Securitization Authority  
c/o LIPA, as Administrator  
333 Earle Ovington Boulevard  
Uniondale, New York 11553  
Attention: Chief Executive Officer and Interim Chief Financial Officer  
Telephone: (516) 222-7700  
Telecopy: (516) 222-9137  
Email: tfaclone@lipower.org

if to the Bond Trustee, to:

The Bank of New York Mellon  
385 Rifle Camp Road, 3rd Floor  
Woodland Park, New Jersey 07424  
Attention: Frederic Belen  
Telephone: (212) 815-2588  
Telecopy: (732) 667-9205  
Email: frederic.belen@bnymellon.com

if to the Rating Agencies, to:

Standard & Poor's Ratings Services  
55 Water Street  
New York, New York 10041  
Attention: Structured Credit Surveillance  
Telephone: 212-438-8991  
E-mail: [servicer-report@standardandpoors.com](mailto:servicer-report@standardandpoors.com)

and

Moody's Investors Service, Inc.  
7 World Trade Center  
250 Greenwich Street, 25th Floor  
New York, New York 10007  
Attention: ABS/RMBS Monitoring Department  
E-mail: [ServicerReports@moodys.com](mailto:ServicerReports@moodys.com)

or in each case at such other address as shall be designated to the Bond Issuer and the Bond Trustee.

#### Section 11.03 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

#### Section 11.04 Successors and Assigns.

All covenants and agreements in this Bond Indenture and the Bonds by the Bond Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Bond Trustee in this Bond Indenture shall bind its successors.

#### Section 11.05 Severability.

In case any provision in this Bond Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

#### Section 11.06 Benefits of Bond Indenture.

Nothing in this Bond Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Bondholders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Bond Indenture.

#### Section 11.07 Legal Holidays.

In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Bonds or this Bond Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date. In any case where the last date for performance of any act or the exercising of any right, as provided in this Bond Indenture, is not a Business Day, such act may be performed and such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the date on which nominally required.

#### Section 11.08 Governing Law.

THIS BOND INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

#### Section 11.09 Counterparts.

This Bond Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

#### Section 11.10 No Recourse to Trustees, Etc., and Shareholders, Etc.

No recourse may be taken, directly or indirectly, with respect to the obligations of the Bond Issuer or the Bond Trustee on the Bonds or under this Bond Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) any trustee, director, officer, employee, agent or attorney of the Bond Issuer or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director or employee of the Bond Trustee. Each Bondholder by accepting a Bond specifically confirms the non-recourse nature of these obligations and waives and releases all such liability. These waivers and releases are part of the consideration for issuance of the Bonds.

#### Section 11.11 No Recourse to Bond Issuer, Authority or LIPA.

Notwithstanding any provision of this Bond Indenture or any supplemental bond indenture to the contrary, Bondholders and the Bond Trustee shall have no recourse to the credit or any assets of the Authority, LIPA or the Bond Issuer (other than, in the case of the Bond Issuer, the Collateral), but shall look only to the Collateral, with respect to any amounts due to the Bondholders hereunder and under the Bonds and to the Bond Trustee. Each Bondholder by accepting a Bond, and the Bond Trustee, specifically confirms the non-recourse nature of these obligations and waives and releases all such liability. These waivers and releases are part of the consideration for issuance of the Bonds.

#### Section 11.12 Inspection.

The Bond Issuer agrees that, on reasonable prior notice, it will permit any representative of the Bond Trustee, during the Bond Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Bond Issuer, to make copies and extracts therefrom, to cause such books to be audited by Independent certified public accountants, and to discuss the Bond Issuer's affairs, finances and accounts with the Bond Trustee's officers, employees, and Independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. The Bond Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Bond Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, or information obtained by the Bond Trustee from sources other than the Bond Issuer, provided such parties are rightfully in possession of such information and do not have an obligation of confidentiality, (ii) disclosure of any and all information (A) if required to do so by any applicable LIPA Reform Act, law, rule or regulation, (B) pursuant to any subpoena, civil investigative demand or similar demand or regulatory authority exercising its proper jurisdiction, (C) in any preliminary or final official statement, or contract or other document pertaining to the transactions contemplated by this Bond Indenture or the other Basic Documents approved in advance by the Bond Issuer or (D) to any affiliate, independent or internal auditor, agent, employee or attorney of the Bond Trustee having a need to know the same, provided that such parties agree to be bound by the confidentiality provisions contained in this Section 11.12, or (iii) any other disclosure authorized by the Bond Issuer.

#### Section 11.13 Trustee Capacity.

Each of the Bondholders by accepting the Bonds shall be deemed to acknowledge and consent to The Bank of New York Mellon acting in the capacity of Bond Trustee.

#### Section 11.14 Waiver of Jury Trial.

EACH OF THE BOND ISSUER AND THE BOND TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS BOND INDENTURE, THE BONDS OR THE TRANSACTIONS CONTEMPLATED HEREBY.

#### Section 11.15 Rule 17g-5 Compliance.

(a) The Bond Trustee agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Bond Trustee to any Rating Agency under this Bond Indenture or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds shall be provided, substantially concurrently, to the Servicer for posting



on a password-protected website (the “17g-5 Website”). The Servicer shall be responsible for posting all of the information on the 17g-5 Website.

(b) The Bond Trustee will not be responsible for creating or maintaining the 17g-5 Website, posting any information to the 17g-5 Website or assuring that the 17g-5 Website complies with the requirements of this Bond Indenture, Rule 17g-5 or any other law or regulation. In no event shall the Bond Trustee be deemed to make any representation in respect of the content of the 17g-5 Website or compliance by the 17g-5 Website with this Bond Indenture, Rule 17g-5 or any other law or regulation. The Bond Trustee shall have no obligation to engage in or respond to any oral communications with respect to the transactions contemplated hereby, any transaction documents relating hereto or in any way relating to the Bonds or for the purposes of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds with any Rating Agency or any of its respective officers, directors or employees. The Bond Trustee shall not be responsible or liable for the dissemination of any identification numbers or passwords for the 17g-5 Website, including by the Servicer, the Rating Agencies, a nationally recognized statistical rating organization (“NRSRO”), any of their respective agents or any other party. Additionally, the Bond Trustee shall not be liable for the use of the information posted on the 17g-5 Website, whether by the Servicer, the Rating Agencies, an NRSRO or any other third party that may gain access to the 17g-5 Website or the information posted thereon.

[Balance of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the Bond Issuer and the Bond Trustee have caused this Bond Indenture to be duly executed by their respective officers, thereunto duly authorized, all as of the day and year first above written.

**UTILITY DEBT SECURITIZATION  
AUTHORITY,**  
as Bond Issuer

By: 

Name: Thomas Falcone

Title: Chief Executive Officer and Interim Chief  
Financial Officer

**THE BANK OF NEW YORK MELLON,**  
as Bond Trustee

By: \_\_\_\_\_

Name: Glenn Kunak

Title: Vice President

IN WITNESS WHEREOF, the Bond Issuer and the Bond Trustee have caused this Bond Indenture to be duly executed by their respective officers, thereunto duly authorized, all as of the day and year first above written.

**UTILITY DEBT SECURITIZATION  
AUTHORITY,**  
as Bond Issuer

By: \_\_\_\_\_  
Name: Thomas Falcone  
Title: Chief Executive Officer and Interim Chief  
Financial Officer

**THE BANK OF NEW YORK MELLON,**  
as Bond Trustee

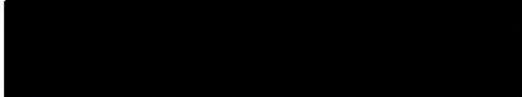
By:  \_\_\_\_\_  
Name: Glenn Kunak  
Title: Vice President

EXHIBIT A  
FORM OF BOND

REGISTERED NO. [ ]

\$[       ]

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE CLEARING AGENCY TO THE NOMINEE OF THE CLEARING AGENCY OR BY A NOMINEE OF THE CLEARING AGENCY TO THE CLEARING AGENCY OR ANOTHER NOMINEE OF THE CLEARING AGENCY OR BY THE CLEARING AGENCY OR ANY SUCH NOMINEE TO A SUCCESSOR CLEARING AGENCY OR A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS BOND WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS BOND HAS NO RECOURSE TO THE BOND ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE COLLATERAL, AS DESCRIBED IN THE BOND INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE BOND ISSUER OF THIS BOND UNDER THE TERMS OF THE BOND INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN THE BOND INDENTURE.

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON, THIS BOND.

RESTRUCTURING BONDS

Series 2023 \_\_

TRANCHE [ - ] BOND

<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Original CUSIP</u>
[ ] %		

Original Principal Amount:

Utility Debt Securitization Authority, a special purpose corporate municipal instrumentality, body corporate and politic, political subdivision and public benefit corporation of the State of New York (herein referred to as the “Bond Issuer”), for value received, hereby promises to pay to [\_\_\_\_\_], or registered assigns, the Original Principal Amount shown above in semiannual installments on the Payment Dates and in the amounts specified in the Bond Indenture hereinafter mentioned or, if less, the amounts determined pursuant to Section 8.02 of the Bond Indenture, in each year, commencing on the date determined pursuant to Section 2.02 of the Bond Indenture and ending on or before the Final Maturity Date (if this Bond has a Final Maturity Date on and after December 15, 203\_, subject to redemption prior to maturity as described below) and to pay interest on the principal amount of this Bond, at the Interest Rate shown above, on each June 15 and December 15, commencing on June 15, 2024, and on the Final Maturity Date, or if any such day is not a Business Day, the next succeeding Business Day, and continuing until the earlier of the payment of the principal hereof or the Final Maturity Date (each a “Payment Date”). Interest on this Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from December 15, 2023. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The principal of and interest on this Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Bond Issuer with respect to this Bond shall be applied first to interest due and payable on this Bond as provided above and then to the unpaid principal of this Bond, all in the manner set forth in Section 8.02 of the Bond Indenture.

This Bond is one of a duly authorized issue of Bonds of the Bond Issuer, designated as its Restructuring Bonds, Series 2023 (herein called the “Bonds”), issuable in one or more Series and Tranches, and further designated as a Tranche [ - ] Bond (collectively with all other Tranche [ - ] Bonds of this Series, the “Tranche [ - ] Bonds” or the “Bonds of this Tranche”), all issued or to be issued under a Bond Indenture dated as of December 15, 2023 (the “Bond Indenture”), between the Bond Issuer and The Bank of New York Mellon, as Bond Trustee (the “Bond Trustee,” which term includes any successor trustee under the Bond Indenture), to which Bond Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Bond Issuer, the Bond Trustee and the Holders of the Bonds. All terms used in this Bond that are defined in the Bond Indenture, as supplemented or amended, shall have the meanings assigned to them in the Bond Indenture, as supplemented or amended.

The Bonds of this Tranche and the other Series and Tranches of Bonds issued and to be issued by the Bond Issuer under the Bond Indenture are and will be equally and ratably secured by the Collateral, as provided in the Bond Indenture.

***Neither the full faith and credit nor the taxing power of the State of New York is pledged to the payment of the principal of, or interest on, this Bond.***

The principal of this Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on such Payment Date (after giving effect to all payments of principal, if any, made on such Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as applicable, which is included in Section 2.02 of the Bond Indenture, unless payable earlier either because an Event of Default shall have occurred and be continuing and the Bond Trustee or the Holders of Bonds representing not less than a majority of the Outstanding Amount of the Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Bond Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Bond Indenture) or, if this Bond is subject to optional redemption prior to maturity, because this Bond has been redeemed prior to maturity. However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Bond Indenture. The entire unpaid principal amount of this Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Bond Trustee or the Holders of the Bonds representing not less than a majority of the Outstanding Amount of the Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Bond Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Bonds of this Tranche shall be made pro rata to the Holders of the Bonds of this Tranche entitled thereto based on the respective principal amounts of the Bonds of this Tranche held by them.

Payments of interest on this Bond due and payable on each Payment Date, together with the installment of principal shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Bond (or one or more Predecessor Bonds) on the Bond Register as of the close of business on the Record Date, except that (i) upon application to the Bond Trustee by any Holder owning Bonds in the principal amount of \$10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder and (ii) if this Bond is a Book-Entry Bond, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of this Bond unless and as required by the operational rules and procedures of the Clearing Agency until such Bond is exchanged for Definitive Bonds (in which event payments shall be made as provided above), and except for the final installment of principal payable with respect to this Bond on a Payment Date which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Bond Register as of the applicable Record Date without requiring that this Bond be submitted for notation of payment. Any reduction in the principal amount of this Bond (or any one or more Predecessor Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Bond Indenture, for payment in full of the then remaining unpaid principal amount of this Bond on a Payment Date, then the Bond Trustee, in the name of and on behalf of the Bond Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon

presentation and surrender of this Bond and shall specify the place where this Bond may be presented and surrendered for payment of such installment.

The Bond Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

If this Bond is part of Tranche \_\_ through Tranche \_\_ of the Bonds it shall be subject to redemption from time to time prior to maturity from Sinking Fund Payments at a Redemption Price of 100% of the principal amount of such Tranche of the Bonds to be redeemed, together with accrued interest to the redemption date. Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount of all Bonds and accrued interest thereon has been declared to be due and payable, on each Sinking Fund Payment Date, the Bond Trustee shall redeem such Tranche of the Bonds prior to maturity and pay to the Registered Holders amounts payable pursuant to Section 8.02(e) as a Sinking Fund Payment until the Outstanding Amount of such Tranche of the Bonds has been reduced to an amount equal to the Minimum Remaining Outstanding Amount for such Tranche of the Bonds for such date. The Minimum Remaining Outstanding Amount for the applicable Tranche of the Bonds shall mean the amount specified in the Expected Sinking Fund Schedule included in Section 2.02 of the Bond Indenture subject to the next succeeding sentence. In the event that a portion of such Tranche of the Bonds shall no longer be outstanding on a Scheduled Sinking Fund Redemption Date by reason other than mandatory sinking fund redemption, the Minimum Remaining Outstanding Amount for each date, as shown in the Expected Sinking Fund Schedule included in Section 2.02 of the Bond Indenture, shall be reduced pro rata to the extent practicable given the Minimum Denominations permitted for such Tranche of the Bonds to reflect the remaining Outstanding Amount of the applicable Tranche of the Bonds. Any amounts paid on the Tranche of the Bonds on the Final Maturity Date shall be applied as a payment of a maturity of such Tranche of the Bonds and not as a redemption.

If this Bond has a Final Maturity Date on or after December 15, 203\_\_, it shall be subject to optional redemption by the Bond Issuer in whole or in part, in any order, from time to time on any Business Day on and after December 15, 20\_\_, upon payment of the Redemption Price of 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date.

[If this Bond has a Final Maturity Date on and after December 15, 203\_\_, it shall be subject to optional redemption by the Bond Issuer in whole or in part, in any order, from time to time on any Business Day on and after June 15, 20\_\_, upon payment of the Redemption Price of 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date.]

Notice of redemption of Bonds shall be given as provided by Section 10.06 of the Bond Indenture not less than 30 days before the redemption date to the Registered Holders of the Bonds to be redeemed, at their last addresses, if any, appearing on the Bond Register; provided, however, that if this Bond is a Book-Entry Bond, such notice shall be given to the Clearing Agency. Failure of the Registered Holder of any Bond which is to be redeemed to receive any notice of redemption shall not affect the sufficiency or validity of the proceedings for the redemption thereof.

Any notice of optional redemption of Bonds may state that it is conditional in whole or in part upon receipt by the Bond Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Bond Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

As provided in the Bond Indenture and subject to certain limitations set forth therein, the transfer of this Bond may be registered on the Bond Register upon surrender of this Bond for registration of transfer at the office or agency designated by the Bond Issuer pursuant to the Bond Indenture, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Bond Trustee duly executed by the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Bond Trustee, and (b) such other documents as the Bond Trustee may require, and thereupon one or more new Bonds of this Tranche of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Prior to the due presentment for registration of transfer of this Bond, the Bond Issuer, the Bond Trustee and any agent of the Bond Issuer or the Bond Trustee may treat the Person in whose name this Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and interest on this Bond and for all other purposes whatsoever, whether or not this Bond be overdue, and neither the Bond Issuer, the Bond Trustee nor any such agent shall be affected by notice to the contrary.

The Bond Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Bond Issuer and the rights of the Holders of the Bonds under the Bond Indenture at any time by the Bond Issuer with the consent of the Holders of Bonds representing a majority of the Outstanding Amount of all Bonds at the time Outstanding of each Tranche to be affected. The Bond Indenture also contains provisions permitting the Holders of Bonds representing specified percentages of the Outstanding Amount of the Bonds, on behalf of the Holders of all the Bonds, to waive compliance by the Bond Issuer with certain provisions of the Bond Indenture and certain past defaults under the Bond Indenture and their consequences. Any such consent or waiver by the Holder of this Bond (or any one of more Predecessor Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Indenture also permits the Bond Trustee to amend or waive certain terms and conditions set forth in the Bond Indenture without the consent of Holders of the Bonds issued thereunder.



The Bond Indenture contains provisions for defeasance at any time of the indebtedness of the Bond Issuer on this Bond upon compliance by the Bond Issuer with certain conditions set forth in the Bond Indenture.

The term “Bond Issuer” as used in this Bond includes any successor to the Bond Issuer under the Bond Indenture.

The Bonds are issuable only in registered form in Minimum Denominations as provided in the Bond Indenture, subject to certain limitations therein set forth.

This Bond and the Bond Indenture shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws.

No reference herein to the Bond Indenture and no provision of this Bond or of the Bond Indenture shall alter or impair the obligation of the Bond Issuer, which is absolute and unconditional, to pay the principal of and interest on this Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Holder of this Bond by acceptance hereof agrees to be bound by the terms of the Bond Indenture. Further, the Holder of this Bond by acceptance hereof agrees that, notwithstanding any provision of the Bond Indenture to the contrary, the Holder shall have no recourse against the Bond Issuer, but shall look only to the Collateral, with respect to any amounts due to the Holder under this Bond.

Subject to and in accordance with the terms of the Bond Indenture and pursuant to Section 9(a) of the LIPA Reform Act, the State of New York has pledged and agreed with the Bond Issuer and the Holders of the Bonds (the “State Pledge”), as follows:

“The state pledges to and agrees with the holders of restructuring bonds, any assignee, and all financing entities that the state will not in any way take or permit any action that limits, alters or impairs the value of restructuring property or, except as required by the adjustment mechanism described in the restructuring cost financing order, reduce, alter or impair transition charges that are imposed, collected and remitted for the benefit of the owners of restructuring bonds, any assignee, and all financing entities, until any principal, interest and redemption premium in respect of restructuring bonds, all ongoing financing costs and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid or performed in full.”

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Bond and the series of which it is one have happened, do exist and have been performed in regular and due time, form and manner as required by law; that this Bond and the series of which it is one do not exceed any constitutional or statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is one as provided in the Bond Indenture.

Unless the certificate of authentication hereon has been executed by the Bond Trustee whose name appears in the Bond Trustee's Certificate of Authentication below by manual signature, this Bond shall not be entitled to any benefit under the Bond Indenture, or be valid or obligatory for any purpose.

[Signature Page Follows]

IN WITNESS WHEREOF, the Bond Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: December 15, 2023

UTILITY DEBT SECURITIZATION  
AUTHORITY

By: \_\_\_\_\_  
Authorized Officer

BOND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: December 15, 2023

This is one of the Bonds described in the within-mentioned Bond Indenture.

THE BANK OF NEW YORK MELLON,  
as Bond Trustee

By: \_\_\_\_\_  
Authorized Officer

## ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Restructuring Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common

TEN ENT as tenants by the entireties

JT TEN as joint tenants with right of survivorship and not as tenants in common

[illegible]

Additional abbreviations may also be used though not in the above list.

## ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

\* NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

\* NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Indenture Trustee.